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THE

FINANCIAL STATEMENTS

OF THE

COLONIAL TREASURERS

OF

NEW SOUTH WALES,

FROM THE INTRODUCTION OF RESPONSIBLE GOVERNMENT ON THE 24TH NOVEMBER, 1855, TO THE CLOSE OF THE PARLIAMENTARY SESSION OF 1880–81, ON THE 6TH APRIL, 1881;

TOGETHER WITH

AN APPENDIX BY THE EDITOR,

JAMES THOMSON,
CHIEF INSPECTOR AND CONSULTING ACCOUNTANT TO THE TREASURY,

CONTAINING MEMORANDA EXPLANATORY OF THE FINANCIAL SYSTEM OF NEW SOUTH WALES, AND OF THE RISE, PROGRESS, AND PRESENT CONDITION OF ITS PUBLIC REVENUE.

SYDNEY: THOMAS RICHARDS, GOVERNMENT PRINTER.

1881.

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PREFACE.

Some years ago it was considered desirable that all the Financial Statements made since the inauguration of Responsible Government should be collated and printed for future reference, and for distribution amongst the Public Libraries, Schools of Arts, and other literary institutions of the Colony. The task of editing these Statements was entrusted to me on account, I presume, of the experience which I had acquired, during a long course of years, of the financial affairs of the Colony, and the practical knowledge which I possessed of its public accounts generally. Until recently no authorized copy of any of the Financial Statements was in existence, so that in the discharge of the duty imposed upon me I had to carefully revise the reports that were given of them in the *Sydney Morning Herald*, which, it is only fair to say, I found in the main extremely accurate, so far at least as it was in my power, from having heard many of them delivered, to judge. In revising these Statements I had of course to compare the figures given in the *Herald's* reports with the published printed documents,—a labour which necessarily involved much trouble and occupied a very considerable amount of time. I therefore feel confident that this edition of the Financial Statements will be found thoroughly reliable in this particular.

The new Constitution was proclaimed in the *Government Gazette* on the 24th November, 1855; but although it came into operation on that date, no new Government was actually chosen under it until the 6th June, 1856, when the first Ministry was formed, under the leadership of Mr. Stuart Alexander Donaldson. Mr. Thomas Holt, the Colonial Treasurer of that Administration, made no Financial Statement, because it ceased to exist on the 25th August following. The Cowper Ministry came into power on the 26th August, but the Colonial Treasurer, Mr. Robert Campbell, had no opportunity of making a Financial Statement during the period it lasted, which was only to the 2nd October of the same year. It was not therefore until the formation of the third Ministry, by Mr. Henry Watson Parker, that the first Financial Statement under Responsible Government was made by Mr. Stuart Alexander Donaldson, on the 6th November, 1856.

With the exception of the Treasurers in the first two Administrations, and of Mr. Marshall Burdekin, Treasurer for a short time in the Cowper Ministry of 1865–66, and of Mr. William Alexander Long, the Treasurer in the Robertson Ministry of 1877, the various Treasurers of all the Administrations (of which there have been nineteen) since the introduction of Responsible Government, made either one or more Financial Statements during the periods they respectively held office.

With the approval of the present Colonial Treasurer, the Honorable James Watson, I have placed as an Appendix to the Financial Statements a memorandum explanatory of the financial system of New South Wales and an account of the rise, progress, and present condition of its public revenue, as it is considered they may be found useful to those who take an interest in the financial affairs of the Colony. The former paper was prepared by me in 1879 and the latter in 1876. Both were for the information of the Imperial Government, who had it in contemplation at the time to publish some kind of official work on the defences, financial resources, and general condition of the several Australian Colonies. I am not however aware whether such a work has yet been published.

The Treasury, New South Wales,
1st May, 1881.

JAMES THOMSON.

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GOVERNORS.

SUCCESSION of Governors of New South Wales, and the Dates on which they assumed and retired from the Government.

Names.	From	To
Captain A. Phillip, R.N.	26 January, 1788	10 December, 1792.
Captain F. Grose (Lieutenant Governor)	11 December, 1792	12 December, 1794.
Captain Paterson, New South Wales Corps (Lieutenant-Governor).	13 December, 1794	1 September, 1795.
Captain Hunter, R.N.	7 September, 1795	27 September, 1800.
Captain P. G. King, R.N.	28 September, 1800	12 August, 1806.
Captain W. Bligh, R.N.	13 August, 1806	26 January, 1808.
During Governor Bligh's suspension the Government was successively administered by :—		
Lieutenant-Colonel G. Johnstone Lieutenant-Colonel Foveaux Colonel William Paterson (All of the New South Wales Corps, afterwards 102nd Regt.)	26 January, 1808	28 December, 1809.
Major-General L. Macquarie	1 January, 1810	1 December, 1821.
Major-General Sir T. Brisbane, K.C.B.	1 December, 1821	1 December, 1825.
Colonel Stewart, 3rd Regiment of Buffs (Acting Governor)	6 December, 1825	18 December, 1825.
Lieutenant-General R. Darling	19 December, 1825	21 October, 1831.
Colonel Lindsay, C.B. (Acting Governor)	22 October, 1831	2 December, 1831.
Major-General Sir Richard Bourke, K.C.B.	3 December, 1831	5 December, 1837.
Lieutenant-Colonel K. Snodgrass (Acting Governor)	6 December, 1837	23 February, 1838.
Sir George Gipps	24 February, 1838	11 July, 1846.
Sir Maurice O'Connell	12 July, 1846	2 August, 1846.
Sir Charles A. Fitz Roy	3 August, 1846	17 January, 1855.
Sir William Thomas Denison, K.C.B.	20 January, [1855	22 January, 1861.
Lieutenant-Colonel John F. Kempt (Administrator)	23 January, 1861	21 March, 1861.
The Right Honorable Sir John Young, K.C.B., G.C.M.G. — Administrator Governor-in-Chief	22 March, 1861 16 May, 1861	15 May, 1861. 24 December, 1867.
Sir Trevor Chute, K.C.B. (Administrator)	25 December, 1867	7 January, 1868.
Right Honorable the Earl of Belmore (Privy Councillor)	8 January, 1868	22 February, 1872.
Sir Alfred Stephen, Knt., C.B. (Administrator)	23 February, 1872	2 June, 1872.
Sir Hercules George Robert Robinson, G.C.M.G., Governor-in-Chief.	3 June, 1872	19 March, 1879.
Sir Alfred Stephen, K.C.M.G., C. B. (Lieutenant-Governor.)	20 March, 1879	3 August, 1879.
The Right Honorable Sir Augustus William Frederick Spencer Loftus, P.C., G.C.B.	4 August, 1879	(Still in office.)

PARLIAMENTS.

RETURN showing the NUMBER OF PARLIAMENTS since the establishment of RESPONSIBLE GOVERNMENT; when opened for the DISPATCH OF BUSINESS AND DISSOLUTION OF SAME; also, the NUMBER OF SESSIONS in each Parliament.

FIRST PARLIAMENT.

Opened 22nd May, 1856.....Dissolved, 19th December, 1857.

SESSION 1.—(1856–7.)
22nd May, 1856, to 18th March, 1857.

SESSION 2.—(1857.)
11th August, 1857, to 18th December, 1857.

SECOND PARLIAMENT.

Opened, 23rd March, 1858.....Dissolved, 11th April, 1859.

SESSION 1.—(1858.)
23rd March, 1858, to 26th November, 1858.

SESSION 2.—(1858–9.)
8th December, 1858, to 9th April, 1859.

THIRD PARLIAMENT.

Opened, 30th August, 1859.....Dissolved, 10th November, 1860.

SESSION 1.—(1859–60.)
30th August, 1859, to 4th July, 1860.

SESSION 2.—(1860.)
25th September, 1860, to 8th November, 1860.

FOURTH PARLIAMENT.

Opened 10th January, 1861.....Dissolved, 10th November, 1864.

SESSION 1.—(1861.)
10th January, 1861, to 11th May, 1861.

SESSION 2.—(1861–2.)
3rd September, 1861, to 20th January, 1862.

SESSION 3.—(1862.)
27th May, 1862, to 20th December, 1862.

SESSION 4.—(1863–4.)
23rd June, 1863, to 22nd April, 1864.

SESSION 5.—(1864.)
18th October, 1864, to 9th November, 1864.

FIFTH PARLIAMENT.

Opened, 24th January, 1865.....Dissolved, 15th November, 1869.

SESSION 1.—(1865.)
24th January, 1865, to 21st June, 1865.

SESSION 2.—(1865–6.)
24th October, 1865, to 7th April, 1866.

SESSION 3.—(1866.)
24th July, 1866, to 22nd December, 1866.

SESSION 4.—(1867–8.)
2nd July, 1867, to 27th April, 1868.

SESSION 5.—(1868–9.)
13th October, 1868, to 1st April, 1869.

SESSION 6.—(1869.)
28th September, 1869, to 13th November, 1869.

SIXTH PARLIAMENT.

Opened, 27th January, 1870.....Dissolved, 3rd February, 1872.

SESSION 1.—(1870.)
27th January, 1870, to 7th May, 1870.

SESSION 2.—(1870–1.)
11th August, 1870, to 22nd June, 1871.

SESSION 3.—(1871–2.)
14th November, 1871, to 1st February, 1872.

SEVENTH PARLIAMENT.

Opened, 30th April, 1872.....Dissolved, 28th November, 1874.

SESSION 1.—(1872.)
30th April, 1872, to 13th August, 1872.

SESSION 2.—(1872–3.)
5th November, 1872, to 25th April, 1873.

SESSION 3.—(1873–4.)
9th September, 1873, to 25th June, 1874.

SESSION 4.—(1874.)
3rd November, 1874, to 26th November, 1874.

EIGHTH PARLIAMENT.

Opened, 27th January, 1875.....Dissolved, 12th October, 1877.

SESSION 1.—(1875.)
27th January, 1875, to 11th August, 1875.

SESSION 2.—(1875–6.)
16th November, 1875, to 22nd August, 1876.

SESSION 3.—(1876–7.)
12th December, 1876, to 11th October, 1877.

NINTH PARLIAMENT.

Opened, 27th November, 1877.

SESSION 1.—(1877–8.)
27th November, 1877, to 21st May, 1878.

SESSION 2.—(1879–9.)
10th September, 1878, to 24th July, 1879.

SESSION 3.—(1879–80.)
28th October, 1879, to 13th July, 1880.

TENTH PARLIAMENT.

Opened 15th December, 1880.

SESSION 1.—(1880–1.)
15th December, 1880, to 6th April, 1881.

MINISTRIES.

RETURN showing the different MINISTRIES since the establishment of RESPONSIBLE GOVERNMENT; also, Date of Appointment to and Retirement from Office.

Name.	Office.	From	To	Remarks.
		DONALDSON MINISTRY—No. 1.		
Stuart A. Donaldson[1]	Colonial Secretary	6 June, 1856	25 Aug., 1856.	
Thomas Holt	Colonial Treasurer			
William M. Manning[1]	Attorney General			
John Bayley Darvall[1]	Solicitor General			
George R. Nichols	Auditor General			Also Secretary for Lands and Works during same period.
William C. Mayne				Representative of Government in Legislative Council.
		COWPER MINISTRY—No. 2.		
Charles Cowper	Colonial Secretary	26 Aug., 1856	2 Oct., 1856	
Robert Campbell	Colonial Treasurer			
Terence A. Murray	Secretary for Lands and Works.			Also Auditor General, from 26 August to 17 September.
James Martin	Attorney General			
Alfred J. P. Lutwyche	Solicitor General	12 Sept., 1856.	Ditto	Representative of Government in Legislative Council.
		PARKER MINISTRY—No. 3.		
Henry W. Parker	Colonial Secretary	3 Oct., 1856	7 Sept., 1857.	
Stuart A. Donaldson	Colonial Treasurer			
John Hay	Secretary for Lands and Works.			
William M. Manning	Attorney General	Ditto	25 May, 1857.	
John Bayley Darvall	Solicitor General	Ditto	Ditto.	
	Attorney General	26 May, 1857	7 Sept., 1857.	
Edward Wise	Solicitor General	Ditto	Ditto.	
Edward Deas-Thomson, C.B.[2]				Representative of Government in Legislative Council—formerly Colonial Secretary.

[1] Appointed Members of the Executive Council on the 29th April, 1856; but they did not take office until the 6th June, as some preliminary arrangements were necessary before they vacated their seats as Members of the Legislative Assembly. Mr. Alexander Warren was also appointed a Member of the Executive Council on the 21st May, 1856, but resigned without entering upon the duties of the office. [2] Vice-President of the Executive Council.

Name.	Office.	From	To	Remarks.
COWPER MINISTRY—No. 4.				
Charles Cowper	Colonial Secretary	7 Sept., 1857	26 Oct., 1859.	
Richard Jones		Ditto	3 Jan., 1858.	
succeeded by				
Robert Campbell	Colonial Treasurer	4 Jan., 1858	30 Mar., 1859	Deceased.
succeeded by				
Elias C. Weekes		18 April, 1859	26 Oct., 1859.	
Terence A. Murray	Secretary for Lands and Public Works.	7 Sept., 1857	12 Jan., 1858.	
succeeded by				
John Robertson		13 Jan., 1858	30 Sept., 1859.	
John Robertson	Secretary for Lands	1 Oct., 1859	26 Oct., 1859.	
Edward Flood	Secretary for Public Works	Ditto	Ditto.	
James Martin		7 Sept., 1857	8 Nov., 1858.	
succeeded by				
Alfred J. P. Lutwyche	Attorney General	15 Nov., 1858	28 Feb., 1859.	
succeeded by				
Lyttelton H. Bayley		1 Mar., 1859	26 Oct., 1859.	
Alfred J. P. Lutwyche		7 Sept., 1857	.....	Appointed Attorney General.
succeeded by				
William Bede Dalley	Solicitor General	15 Nov., 1858	11 Feb., 1859.	
succeeded by				
John F. Hargrave		21 Feb., 1859	26 Oct., 1859	Reappointed 3 November, 1859.
John Dickson	.....	.....	.....	Representative of Government in Legislative Council.
FORSTER MINISTRY—No. 5.				
William Forster	Colonial Secretary	27 Oct., 1859	8 Mar., 1860.	
Saul Samuel	Colonial Treasurer			
John Black	Secretary for Lands			
Geoffrey Eagar	Secretary for Public Works			
Edward Wise		Ditto	13 Feb., 1860	Representative of Government in Legislative Council.
succeeded by	Attorney General			Appointed Puisne Judge.
Sir Wm. M. Manning, Knt.		21 Feb., 1860	8 Mar., 1860.	
John F. Hargrave	Solicitor General	3 Nov., 1859	8 Mar., 1860	Appointed Attorney General, 2 April, 1860. (Robertson Ministry.)

MINISTRIES—*continued.*

Name.	Office.	From	To	Remarks.
ROBERTSON MINISTRY—No. 6. (To 9 January, 1861.)				
John Robertson	Secretary for Lands	9 Mar., 1860	Merged into Cowper Ministry.	Premier to 9 January, 1861.
Charles Cowper	Colonial Secretary	9 Mar., 1860		
Elias C. Weekes	Colonial Treasurer	9 Mar., 1860		
William M. Arnold	Secretary for Public Works	9 Mar., 1860		
John F. Hargrave	Attorney General	2 April, 1860		Representative of Government in Legislative Council.
COWPER MINISTRY—No. 7. (From 10 January, 1861.)[1]				
Charles Cowper	Colonial Secretary	9 Mar., 1860	15 Oct., 1863	Premier from 10 January, 1861.
Elias Carpenter Weekes	Colonial Treasurer	9 Mar., 1860	20 Mar., 1863.	
succeeded by Thomas Ware Smart		21 Mar., 1863	15 Oct., 1863.	
John Robertson	Secretary for Lands	9 Mar., 1860	15 Oct., 1863.	
William M. Arnold	Secretary for Public Works	9 Mar., 1860	15 Oct., 1863.	
John F. Hargrave	Attorney General	2 April 1860	31 July, 1863	Appointed Solicitor General.
succeeded by John Bayley Darvall		1 Aug., 1863	15 Oct., 1863.	
John F. Hargrave	Solicitor General	1 Aug., 1863	15 Oct., 1863	Representative of Government in Legislative Council.
Charles Cowper, junr.	Clerk of the Executive Council	.....	.....	A Member of the Government, without a Seat in the Cabinet.
MARTIN MINISTRY—No. 8.				
James Martin	Attorney General	16 Oct., 1863	2 Feb., 1865.	
William Forster	Colonial Secretary			
Geoffrey Eagar	Colonial Treasurer			
Peter Faucett	Solicitor General			
John Bowie Wilson	Secretary for Lands			
Arthur T. Holroyd	Secretary for Public Works			
John Hubert Plunkett[2]	.....	.....	.....	Representative of Government in Legislative Council —formerly Attorney General.

[1] From which date Mr. Cowper took his seat in the Legislative Assembly as Premier. [2] Vice-President of the Executive Council.

MINISTRIES—*continued.*

Name.	Office.	From	To	Remarks.
		COWPER MINISTRY—No. 9.		
Charles Cowper[1]	Colonial Secretary	3 Feb., 1865	21 Jan., 1866.	
Thomas Ware Smart	Colonial Treasurer	3 Feb., 1865	19 Oct., 1865	Appointed Secretary for Public Works.
succeeded by Saul Samuel		20 Oct., 1865	3 Jan., 1866	Resigned.
succeeded by Marshall Burdekin		4 Jan., 1866	21 Jan., 1866.	
John Bayley Darvall	Attorney General	3 Feb., 1865	20 June, 1865.	
succeeded by John Hubert Plunkett		25 Aug., 1865	21 Jan., 1866	Formerly Attorney General, for which he receives a Pension of £1,200 per annum. Pension not drawn during present occupancy.
John Fletcher Hargrave	Solicitor General	3 Feb., 1865	21 June, 1865.	
John Robertson	Secretary for Lands	3 Feb., 1865	19 Oct., 1865.	
succeeded by William M. Arnold		20 Oct., 1865	31 Oct., 1865	Elected Speaker of the Legislative Assembly.
succeeded by John Robertson		1 Jan., 1866	21 Jan., 1866.	
William M. Arnold	Secretary for Public Works	3 Feb., 1865	19 Oct., 1865	Appointed Secretary for Lands.
succeeded by Thomas Ware Smart		20 Oct., 1865	21 Jan., 1866.	
James A. Cunneen	Postmaster General	1 Oct., 1865	21 Jan., 1866	A Member of the Government without a Seat in the Cabinet.
		MARTIN MINISTRY—No. 10.		
The Honorable James Martin, Q.C.[1]	Attorney General	22 Jan., 1866	26 Oct., 1868.	
Henry Parkes	Colonial Secretary	22 Jan., 1866	17 Sept., 1868	Resigned.
succeeded by Joseph Docker		28 Sept., 1868	26 Oct., 1868	Representative of Government in the Legislative Council.
Geoffrey Eagar	Colonial Treasurer	22 Jan., 1866	26 Oct., 1868.	
John Bowie Wilson	Secretary for Lands			
James Byrnes	Secretary for Public Works			
Robert Macintosh Isaacs	Solicitor General			
Joseph Docker	Postmaster General	22 Jan., 1866	27 Sept., 1868	Appointed Colonial Secretary. Representative of Government in the Legislative Council.
succeeded by Atkinson Alfred P. K. Tighe		29 Sept., 1868	26 Oct., 1868.	

[1] Vice-President of the Executive Council.

MINISTRIES—*continued.*

Name	Office.	From	To	Remarks.
		ROBERTSON MINISTRY—No. 11.		
John Robertson	Colonial Secretary	27 Oct., 1868	12 Jan., 1870	Resigned.
Saul Samuel	Colonial Treasurer	27 Oct., 1868	See Cowper Ministry, No. 12.	
William Forster	Secretary for Lands	27 Oct., 1868		
John Sutherland	Secretary for Public Works	27 Oct., 1868		
Sir William Montagu Manning, Knt., Q.C.	Attorney General	31 Oct., 1868		A member of the Government, without a Seat in the Cabinet. In receipt of a Pension of £800 per annum, but not drawn during present tenure of office.
Joshua Frey Josephson	Solicitor General	27 Oct., 1868	9 Sept., 1869	Appointed District Court Judge.
succeeded by Julian Emanuel Salomons		18 Dec., 1869	See Cowper Ministry, No. 12.	
Daniel Egan	Postmaster General	27 Oct., 1868		
Robert Owen		27 Oct., 1868		Representative of Government in Legislative Council, with a Seat in the Cabinet.
		COWPER MINISTRY—No. 12.		
Charles Cowper[1]	Colonial Secretary	13 Jan., 1870	15 Dec., 1870	Appointed Agent General for the Colony, 6 December, 1870, but held office as Colonial Secretary till 15 December, 1870.
Saul Samuel	Colonial Treasurer	27 Oct., 1868	15 Dec., 1870.	
William Forster	Secretary for Lands	27 Oct., 1868	14 April, 1870	Resigned.
succeeded by John Robertson		13 Aug., 1870	15 Dec., 1870.	
John Sutherland	Secretary for Public Works	27 Oct., 1868	15 Dec., 1870.	
Sir William Montagu Manning, Knt., Q.C.	Attorney General	31 Oct., 1868	15 Dec., 1870	A Member of the Government, without a Seat in the Cabinet. In receipt of a Pension of £800 per annum, but not drawn during present tenure of office.
Julian Emanuel Salomons	Solicitor General	18 Dec., 1869	15 Dec., 1870.	
Daniel Egan	Postmaster General	27 Oct., 1868	16 Oct., 1870	Deceased.
Robert Owen		27 Oct., 1868	1 Aug., 1870	Representative of the Government in the Legislative Council, with a Seat in the Cabinet. Resigned both offices, 1 August, 1870.

[1] Vice-President of the Executive Council from 11 January, 1870.

MINISTRIES—*continued.*

Name.	Office.	From	To	Remarks.
MARTIN MINISTRY—No. 13.				
The Honorable Sir James Martin, Knt., Q.C.[1]	Attorney General	16 Dec., 1870	13 May, 1872.	
John Robertson	Colonial Secretary			
George William Lord	Colonial Treasurer			
The Honorable John Bowie Wilson	Secretary for Lands			
James Byrnes	Secretary for Public Works			
William Charles Windeyer	Solicitor General			
The Honorable Joseph Docker	Postmaster General			Representative of the Government in the Legislative Council.
PARKES MINISTRY—No. 14.				
Henry Parkes	Colonial Secretary	14 May, 1872	8 Feb., 1875.	
William Richman Piddington	Colonial Treasurer	14 May, 1872	.....	Resigned.
succeeded by George Alfred Lloyd		5 Dec., 1872	8 Feb., 1875	
James Squire Farnell	Secretary for Lands	14 May, 1872		Also Secretary for Mines, from 9 May to 26 July, without salary.
Robert Palmer Abbott	Secretary for Mines	27 July, 1874		
John Sutherland	Secretary for Public Works	15 May, 1872		
Edward Butler	Attorney General	15 May, 1872	19 Nov., 1873	Resigned.
succeeded by Joseph George Long Innes		20 Nov., 1873	8 Feb., 1875	Without a Seat in the Cabinet. From 9 December, 1873.
George Wigram Allen	Minister of Justice and Public Instruction.	9 Dec., 1873		
Joseph George Long Innes	Solicitor General	14 May, 1872	19 Nov., 1873	Representative of the Government in the Legislative Council. Appointed Attorney General.
George Alfred Lloyd	Postmaster General	14 May, 1872	4 Dec., 1872	Appointed Colonial Treasurer.
succeeded by Saul Samuel, C.M.G.		5 Dec., 1872	8 Feb., 1875	Vice-President of the Executive Council and Representative of Government in Legislative Council.
Saul Samuel	.....	14 May, 1872		

[1] Vice-President of the Executive Council.

MINISTRIES—*continued.*

Name.	Office.	From	To	Remarks.
		ROBERTSON MINISTRY—No. 15.		
John Robertson	Colonial Secretary	9 Feb., 1875	21 Mar., 1877.	
William Forster, succeeded by Alexander Stuart	Colonial Treasurer	9 Feb., 1875		Appointed Agent General for the Colony, resident in England.
		8 Feb., 1876	21 Mar., 1877.	
Joseph Docker	Minister of Justice and Public Instruction	9 Feb., 1875		Representative of the Government in the Legislative Council.
Thomas Garrett, succeeded by Ezekiel Alexander Baker	Secretary for Lands	9 Feb., 1875		Resigned.
		6 Feb., 1877	21 Mar., 1877.	
John Lackey	Secretary for Public Works	9 Feb., 1875	21 Mar., 1877.	A Member of the Legislative Council; a Member of the Government without a Seat in the Executive Council.
William Bede Dalley	Attorney General			
John Lucas	Secretary for Mines			
John Fitzgerald Burns	Postmaster General			
		PARKES MINISTRY—No. 16.		
Henry Parkes	Colonial Secretary	22 Mar., 1877	16 Aug., 1877.	
William Richman Piddington	Colonial Treasurer			
Francis Bathurst Suttor	Minister of Justice and Public Instruction			
Richard Driver	Secretary for Lands			
James Hoskins	Secretary for Public Works			
William Charles Windeyer	Attorney General			Member of the Government without a Seat in the Executive Council.
George Alfred Lloyd	Secretary for Mines			
Saul Samuel, C.M.G.	Postmaster General			Representative of the Government in the Legislative Council.
		ROBERTSON MINISTRY—No. 17.		
Sir John Robertson, K.C.M.G.	Colonial Secretary	17 Aug., 1877	17 Dec., 1877	Vice-President of the Executive Council; Representative of the Government in the Legislative Council.
William Alexander Long	Colonial Treasurer			
Joseph Docker	Minister of Justice and Public Instruction			
Thomas Garrett, succeeded by Ezekiel Alexander Baker	Secretary	17 Aug., 1877	19 Nov., 1877	Resigned.
		20 Nov., 1877	17 Dec., 1877.	
Edward Combes	Secretary for Public Works	17 Aug., 1877		
William Bede Dalley	Attorney General			
Ezekiel Alexander Baker, succeeded by Archibald Hamilton Jacob	Secretary for Mines	17 Aug., 1877	19 Nov., 1877	Appointed Secretary for Lands.
		20 Nov., 1877	17 Dec., 1877.	
John Davies	Postmaster General	17 Aug., 1877		

MINISTRIES—*continued*

Name.	Office.	From	To	Remarks.
FARNELL MINISTRY—No. 18.				
James Squire Farnell	Secretary for Lands	18 Dec., 1877	20 Dec., 1878.	In receipt of a pension of £426 13s. 4d. per annum, but not drawn during present tenure of office.
Michael Fitzpatrick	Colonial Secretary			
Henry Emanuel Cohen	Colonial Treasurer			
Joseph Leary	Minister of Justice and Public Instruction			
John Sutherland	Secretary for Public Works			A Member of the Legislative Council; appointed a Member of the Executive Council, 1 April, 1878.
William John Foster	Attorney General			
William Henry Suttor	Secretary for Mines			
John Fitzgerald Burns	Postmaster General			
NOTE.—John Marks, M.L.C., was appointed on the 14th January, 1878, Vice-President of the Executive Council and Representative of the Government in the Legislative Council.				
PARKES MINISTRY—No. 19.				
Sir Henry Parkes, K.C.M.G.	Colonial Secretary	21 Dec., 1878	Still in office.	
James Watson	Colonial Treasurer			
William Charles Windeyer	Attorney General	21 Dec., 1878	10 Aug., 1879	Resigned—Appointed a Temporary Judge of the Supreme Court.
succeeded by Robert Wisdom	Attorney General	13 Aug., 1879	Still in office.	
James Hoskins	Secretary for Lands	21 Dec., 1878	do.	
John Lackey	Secretary for Public Works			
Saul Samuel, C.M.G.	Postmaster General	21 Dec., 1878	10 Aug., 1880	Resigned—Appointed Agent General for the Colony resident in England.
succeeded by Francis Bathurst Suttor		11 Aug., 1880	Still in office.	
Ezekiel Alexander Baker	Secretary for Mines	21 Dec., 1878	do.	
Francis Bathurst Suttor	Minister of Justice and Public Instruction.	21 Dec., 1878	30 April, 1880	Offices separated.
Francis Bathurst Suttor	Minister of Justice	1 May, 1880	11 Aug., 1880	Appointed Postmaster General.
succeeded by Sir Joseph George Long Innes, Knt.		11 Aug., 1880	Still in office.	
Sir John Robertson, K.C.M.G.	.....	21 Dec., 1878		Vice-President of the Executive Council; Representative of the Government in the Legislative Council.
	Minister of Public Instruction	1 May, 1880	do.	

SPEAKERS—LEGISLATIVE ASSEMBLY.

SUCCESSION of SPEAKERS of the LEGISLATIVE ASSEMBLY, and the dates on which they were elected, re-elected, and ceased to hold office.

Name.	Date when first elected.	Dates when re-elected.	Date of expiration of office.
The Honorable Sir Daniel Cooper.	22 May, 1856...	23 March, 1858; 31 August, 1859.	31 January, 1860—Resigned.
The Honorable Terence Aubrey Murray.	31 January, 1860...	10 January, 1861	14 October, 1862—Appointed President of the Legislative Council
The Honorable John Hay.	14 October, 1862...	24 January, 1865	31 October, 1865—Resigned.
The Honorable William Munnings Arnold.	1 Nov., 1865...	27 January, 1870; 30 April, 1872; 27 January, 1875.	1 March, 1875—Deceased.
The Honorable Sir George Wigram Allen, Knight.	23 March, 1875...	30 March, 1875; 27 November, 1877.	Still holds office.

PRESIDENTS—LEGISLATIVE COUNCIL.

SUCCESSION of PRESIDENTS of the LEGISLATIVE COUNCIL, showing the dates on which they were appointed and ceased to hold office.

Name.	From	To
The Honorable Sir Alfred Stephen.....	20 May, 1856	28 January, 1857.
The Honorable John Hubert Plunkett, Q.C.	29 January, 1857...	6 February, 1858.
The Honorable Sir William Westbrooke Burton, Knt. ...	9 February, 1858	10 May, 1861.
The Honorable William Charles Wentworth	24 June, 1861	9 October, 1862.
The Honorable Terence Aubrey Murray ..... afterwards The Honorable Sir Terence Aubrey Murray, Knt.....	14 October, 1862...	22 June, 1873.
The Honorable John Hay ..... afterwards The Honorable Sir John Hay, K.C.M.G.....	8 July, 1873	Still holds office.

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THE HONORABLE STUART ALEXANDER DONALDSON.

(AFTERWARDS SIR STUART ALEXANDER DONALDSON, KNT.)

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE STUART ALEXANDER DONALDSON, made 6th November, 1856.

[*From the Sydney Morning Herald of 7th November*, 1856.]

LEGISLATIVE ASSEMBLY.

Friday, 6 November, 1856.

FINANCIAL STATEMENT.

MR. DONALDSON said: Sir, I am sincerely glad that in taking the course which I am now permitted to pursue, I am not proceeding contrary to the ruling of, or in any disrespect to, the honorable the Speaker of this House. The honorable Member who sits at the head of the benches opposite, has spoken of the way in which this important matter has been introduced by the present Government, but I can only tell him that so far as the substantial part of the matter is concerned, we have taken the constitutional course. The financial affairs of the country must, in any instance, be indicated by the Governor himself, by message to this House. The difference between the course adopted by the late Ministry and the present is that the late Ministry sent down a message from the Governor, in which the whole matter of the Ways and Means and the Supplies were included; while the present Ministry have adopted that constitutional plan recommended by the Opposition, of separating these matters. I hope the House will bear with me while I now proceed to make that financial statement of the affairs of the country which has been so long promised; and I also hope hon. Members will bear with me if I am compelled to trespass on their patience at some length, which, from the severe cold I labour under, will render my full exposition of the subject a matter of some difficulty to myself. In making this statement of the financial affairs of the country, it will be my desire, as far as possible, to exhibit not only the debit but the credit side of the account. To show distinctly our present financial condition, how that condition was brought about, its historical antecedents, the policy which has led to it, and the principles on which we propose to proceed—in short, to exhibit, as fully as I possibly can, the position of our financial affairs, and to bring before the House, as fully as possible, the steps the present Ministry are prepared to take in regard to them. It may not be uninteresting if I commence my observations with a short synopsis of the financial history of the colony for some years bygone. You must remember we are now entering on a new sphere—that our financial arrangements, both of expenditure and income, are in future to be regulated by ourselves alone. That for the first time we are to run on our own legs, and it may not therefore be unapt that, in order to guide our policy for the future, we should proceed to some review of the past. I shall therefore turn to a period of 20 years ago, and in a cycle of 20 years, in a young country like this, all must be well aware of the great changes in the position of the community—social, moral, and political—which must infallibly take place. It will not be necessary for me to detain the House with all the figures in

detail to afford the House the information which I now wish to supply. Fortunately, we have an intelligent and well-regulated Press—the influence of which will, I doubt not, enable the statements I am about to make to be put fully before the public. Well, Sir, I find that in the year 1836 the revenue of the colony was £340,533, the expenditure £287,376; in 1837, revenue £353,785, expenditure £398,496; in 1838, revenue £334,079, expenditure £463,161; in 1839, revenue £427,368, expenditure £567,966; in 1840, revenue £682,473, expenditure £561,023; in 1841, revenue £497,302, expenditure £756,580; in 1842, revenue £428,730, expenditure £503,913; in 1843, revenue £350,891, expenditure £369,489; in 1844, revenue £386,617, expenditure £345,583; in 1845, revenue £436,920, expenditure £314,368; in 1846, revenue £346,481, expenditure £305,730; in 1847, revenue £369,259, expenditure £413,073; in 1848, revenue £396,862, expenditure £460,430; in 1849, revenue £575,692, expenditure £516,633; in 1850, revenue £633,711, expenditure £567,165; in 1851, revenue £486,698, expenditure £444,108; in 1852, revenue £682,137, expenditure £600,322; in 1853, revenue £987,476, expenditure £682,621; in 1854, revenue £1,239,147, expenditure £1,136,568; in 1855, revenue £1,660,710, expenditure £1,675,024—making a total of revenue through the twenty years, £11,616,879, and of expenditure, of £11,369,540. If the House will take the average of these returns, they will find that the expenditure and revenue of the country for the last twenty years has a little exceeded £500,000 per annum. It is impossible for any man to read these returns without being struck with the enormous increase of the revenue and expenditure, particularly when it is considered that since the separation of New South Wales from the powerful and productive province of Victoria, the then joint revenues of the colony have been nearly doubled. That must prove to any man, theorize as he may, a progression in the resources of the country most marvellous—a progression that would appear to be absolutely chimerical, but which nevertheless is an absolute fact. In further explaining the present financial position of the country, I shall allude to the exports and imports, and in doing this I shall not take so long a period, but commence from the year 1839. In the year 1839 the imports of the whole colony, Port Phillip included, amounted to £2,236,371, and the exports to £948,776. A period of seventeen years passed away, and what do we find to have been the result of the enterprise of the community?—its eager grasp at the advantages which the productive resources of these colonies held out to them. Why, they found that the increase in commercial enterprise had changed them from a mere province to almost the financial position of an empire. In 1855 the imports to New South Wales were £4,668,525, while the exports were £2,884,130. The imports to Victoria, which I cannot but regard as one with us, as a great constituent of this Australian colony, were £11,568,904; the exports £13,469,194,—making a total of imports of £16,237,429, and of exports of £16,353,324. These figures, I think, are sufficient to show the rapidly increasing importance of our commerce and of our social and political growth, while under the political guardianship of the empire to which we are proud to belong. But we are now to start on a new career; for the first time we have to run on our own legs, to guide our own footsteps, through all the intricacies of finance. I fear not for any retrograde movement of this country, and have such faith in her resources that I believe that the rate of progression in wealth, power, and importance, under her own Government, for the next twenty years, will compare with the twenty years that are just gone by. I believe that the same almost miraculous amount of progression of the year 1876 over the year 1856 will equal that of the year 1856 over the year 1836. With such hopes, with such prospects, with such aspirations as these, who, Sir, can refrain from pride, mingled with awe, in taking charge of this infant Hercules?—and in no respect can this progression be influenced more than by the successful regulation of the finances of the country. I have now gone over the details of the revenue and expenditure, and of the exports and imports of the country for some years past, and it may be interesting on many accounts that I should now afford the House some statement in detail of its present indebtedness, and the causes from which that indebtedness arose. It is necessary that the different purposes for which these loans were incurred should be separately stated. I will now read the return which I hold in my hand, showing

the debt of the Colony of New South Wales, the year in which the different loans were contracted, and the purposes for which the money was raised :—

Services.	Years.	Amounts.	Totals.
Immigration	1851	69,600	
	1852	130,400	
	1853	100,000	
	1854	60,000	
	1855	53,000	413,000
Railways	1853	50,000	
	1854	150,000	
	1855	534,400	
	1856	352,900	1,087,300
Public Works { 18 Vic., No. 35 ...	1855	21,000	
Public Works { 18 Vic., No. 35 ... / 19 Vic., Nos. 38 and 40	1856	269,700	
		290,000	
Sydney Waterworks	1854	10,000	
	1855	18,000	
	1856	87,400	115,400
Sydney Sewerage	1854	10,000	
	1855	44,900	
	1856	123,400	178,300
Total			£2,084,700

I must state in passing that these services properly pay their share of the interest on the debt contracted. I have said that I think it will be the duty of every Finance Minister to treat this debt under different heads and view them from different points. The debt incurred, for immigration for instance, does not stand on the same footing as the debt incurred for the construction of railroads, and the debts for railways and public works stand in a very different position to those incurred for any other purpose whatsoever. As I shall, however, have to allude to this matter when a proposition which will probably be brought before the House by the Government shortly, for the raising of revenue, is under consideration, I do no more than allude to it to-day in a passing way, in order that honorable gentlemen may be somewhat prepared for its discussion. In connection with the tabular statement just read, I will read another, also intensely interesting, now that we are likely on the threshold of making great outlays on public works—more especially those for internal communication. I find from a statement I have in my hand of expenditure for works and buildings (exclusive of those provided for by loan) from 1836 to 1855, that for the last twenty years a very large portion of the public works of this colony—larger perhaps than honorable Members who have not paid much attention to the matter have been accustomed to think—has been paid for out of the revenues of the colony from year to year. I think this statement is valuable. Our prospects are now growing clearer and clearer, and it is evident that the cost of our public works of former years, though large in amount, have been trifling to what we must look for in future. In the year 1836 the whole amount, as will be seen from the tabular statement, was only £8,621. One could almost smile at the triviality of such a sum when we consider that it is not nearly so much as one month's interest of our present debt.

The following is the statement to which I refer :—

STATEMENT of Expenditure for Works and Buildings (exclusive of those provided by loan), from 1836 to 1855 inclusive.

Year.	Amount.
1836	£8,621 0 7
1837	22,851 12 3
1838	63,937 18 7
1839	58,877 15 9
1840	49,703 2 11
1841	37,527 6 2
1842	33,195 19 0
1843	25,494 8 3
1844	22,262 8 8
1845	15,943 4 8
1846	17,070 0 1
1847	41,595 6 10
1848	32,013 18 1
1849	25,992 0 11
1850	16,163 15 7
1851	14,117 8 10
1852	17,823 6 5
1853	44,596 1 0
1854	101,878 14 8
1855	82,314 14 1
Total	731,980 3 4

The progress of the colony did not appear to attract the attention of the Government until 1854, when it took a sudden jump from £44,596 1s. 0d. to £101,878 14s. 8d. ; and in 1855 to £82,314 14s. 1d. The total expenditure according to this statement during the last twenty years has therefore been nearly £732,000, without one farthing for roads. This, I think, is an interesting paper, especially as it has a bearing on the prospects of the colony in reference to public works for the time to come. With these preliminary observations, I now feel called upon to state to the House what is the actual financial condition of this colony at the present moment. I am sorry it should fall to my lot—but at the same time, as a public man, I have no right to expect that my path will be strewn with roses, or that I am to enter upon my duties as Finance Minister of this colony with nothing but

that calculated to felicitate me. I am sorry to begin my career as a public man with a state of affairs certainly not agreeable either to myself or to the country. It is no use, however, to conceal from the House the fact that in bygone years—I will not lay the blame on any individual or on any body of individuals, owing to the mode of Government, the propositions made by the Executive Government, as it were, added to the proposals of honorable Members representing constituencies, and owing to the weakness of the then Government when they could not carry their financial schemes—although they were bound by the necessities of the day to give way to the pressure for money—the expenditure had exceeded the income until it had left the colony in a bad state. I am sorry I differ totally with my honorable friend opposite—if he will allow me to use such an expression to one so hostile as the late Finance Minister. I do not know what attention he may have paid to the particular department of which he was the head, but he stated—and statements coming *ex cathedra* are considered to have some weight—that the debt was about £30,000. [Mr. Campbell: £40,000 or £50,000.] The honorable gentleman says £40,000 or £50,000; he has jumped up some 50 per cent., but even now he falls far short. I am afraid he had a pair of diminishing spectacles on when he turned his attention to the matter, if he could not see that the debt was much larger in amount. I have taken great pains to go through this matter, assisted by a gentleman whose able head and ready hand were at my disposal, and I am astonished to hear the honorable gentleman opposite make such a statement, whether he really had charge of the department of which he was ostensibly the head or not. The deficit at the end of 1855, estimated in the most fair and reasonable way, cannot fall short of £120,000, exclusive of the Supplementary Estimates before the House. That would be about a true statement, and I neither wish to conceal that fact, nor the difficulty with which I am encompassed. That deficit I must explain, has not accrued during the years 1855-6; it is an accumulated debt since 1854. I have drawn up an account which, availing myself of the Press, I shall possibly be able to give to honorable members before it is laid upon the table of the House formally. This account of the estimated revenue and expenditure shows how the deficit arose. The revenue is enormously deficient of what was anticipated. I do not blame the late Government for this. They propounded a financial scheme objectionable to me as a Member, and also, I believe, objectionable to a majority of the House. I speak of the Government which existed previously to the inauguration of Responsible Government. Whether they based their conclusions on the financial scheme they withdrew, or upon the result of the Ways and Means, he of course, could not say. He was sorry to say all the calculations made had fallen far short of the truth. On the debit side of the account their estimates were larger than had been realized. I will not detain the House now by going into the discussion of a principle which the experience of many years in the old country has proved to be true. It is in vain to increase the existing tariff in the expectation of improving the revenue. It is a principle, now acknowledged, that if you have a tariff calculated to raise a certain revenue, and were to put 10 per cent. more upon it, it by no means follows that there would be 10 per cent. increase upon the revenue. That idea has been exploded long ago. It has been scattered to the winds by practical results. It is utterly erroneous. I think it must be apparent to every one—seeing the policy of the late Government was to seek for additional revenue by adding 50 per cent. to some and 100 per cent. to other articles—that they were doomed to disappointment. I do not blame the late Government, for there never was an opportunity afforded them—or if there was it was not pressed on them—to look beyond the moment in which they lived, or a little farther than their own country. They passed easily along like gentlemen in a spring vehicle—in another region; it was necessary to look for revenue, and they looked to the Custom-house—to the easier collected indirect taxation, overlooking the fact that the supplementing of the impost did not insure an equal increase in the revenue. But we are now bound to see that your burdens are laid on with a due regard to principle in every sense of the word, and with a due regard to equality and fairness, so that the burden may be placed on the shoulders of those who ought to bear them. The fiscal scheme of the late Council was bad, and there were other circumstances which pressed upon

the country. A reaction took place after the over-stimulated trade of 1853 and 1854—a reaction which it did not require a prophet to foretell. The Custom-house revenue, consequently, fell short at the beginning of 1856. The late Government were also exposed to another difficulty. Some hon. gentlemen who represented constituencies pressed the Government for a large expenditure, which was granted with the expectation of support. I take no credit to myself for anything I have done as a public man; but I must state this as a matter of fact. I was not in the ranks of those who pressed the Government for a large expenditure while I refused to supplement their revenue. I felt it my duty to withhold from the Executive Government any extravagant expenditure, for fear of an improper expenditure being expected afterwards. I think if honorable gentlemen will do me justice, they will acknowledge that I did not press upon the late Government large expenditure for this and that purpose. I do not seek to lay the blame on any honorable gentlemen. It was the result of the state of a Government, not strong enough in itself, and obliged to bow down to those who had power to put a pressure upon it they were not able to withstand. Whilst I am on this subject I will take the opportunity of remarking, and I hope honorable Members will ponder well what I say, that no Finance Minister can manage the monetary affairs of a country if he is pressed by honorable Members for sums that he is not prepared to meet. I trust honorable Members will bear this in mind, for I say it with the best feeling, that after the financial year has begun, and fix its commencement in whatever month of the year you like, no claims for funds should be made on the Finance Minister. Never, when under a different form of Government I held a seat in this House, was I found amongst those who embarrassed the Government of the day by their claims, and now that we are all alike representatives, that the nominee element has been sunk, I hope that honorable Members will lay it down as a rule never to press on the Executive Government the expenditure of sums of money after the financial arrangements of the year have been made. Mind I would not wish to prevent honorable Members from pressing on the notice of the Government such matters as they may consider right, but let this be done before the financial year begins, say in the month of April, which, in my mind, would be a very good month for the purpose; and let them after that month observe a kind of reticence of their wishes. If honorable Members will do this, I promise them on my part to give them the best of all reasons for continuing in that course, by never embarrassing the revenues of the country. I make this, not apology for the old Government, for they need none at my hands, but this excuse for them and the deficit they have left behind them, because, as honorable Members well know, they were pressed in the way I have alluded to; and I can recollect that even up to the close of last session as much as £8,000 were in all forced from them by this pressure from the representatives. Thus much then I offer in explanation of the deficit the old Government has left us to begin with. The balance sheet for 1856 has been drawn in a tabular form, and is as follows:—On the expenditure side of the account there are, the deficit on the 1st January, 1855, £65,225 17s. 5d., and the late Government told us fairly enough that there would be a large deficit for us to commence with, though they estimated it at only £40,000 or £50,000, not being very much less than the actual amount. Then the appropriations voted in 1855, for the year 1866, amounted to £1,174,029; but we have been able, owing to some of the votes not being required for the services—such as the votes for the Artillery, and the steamer "Torch," about which so much had been said, and for other matters not necessary to particularize, to save out of this £57,000; thus leaving only £1,117,029 of appropriations to be met. Then follow the Supplementary Estimate of £30,689 14s. 2d. every farthing of which will be wanted: sums chargeable on loans, £4,181; for sewerage, £22,235; and for water works, £82,023 6s. 8d.; making a total of £1,321,383. On the other side, to meet this expenditure, we have made an estimate as nearly as we can of the revenue for the current year. This we are able to make as accurate as will be necessary for all purposes, seeing that we have the actual receipts for the last ten months past; and that we can make with something like a certainty an estimate for the other two months; this we have set down at £1,060,000; and I will here say, that for some of the figures I have used I am in-

debted to the late Ministry, and although I have not been able altogether to agree with them, yet I own they have helped me very materially in my task. Then followed amounts to be raised by loan, viz., for public works and buildings, £4,181; for sewerage, £22,235; and for water works, £82,023; being the exact amounts charged on the other side; thus showing an estimated deficiency at the end of 1856 of £152,942. This deficiency will include the £65,225 deficiency on the 1st January, 1856, and the supplementary estimate for the year. Having now brought you to the end of 1856, I propose to carry you to the end of 1857, in order that we may take a view of what our position will then be. Taking the deficit remaining as I have just shown on the 1st January, 1857, we have £152,944 as the first item to be provided for. I then estimate the expenditure of the year at £1,060,914; and it is a curious coincidence that the expenditure estimated for 1857 should be precisely the sum at which the revenue of the preceding year had been estimated. I and my colleagues have gone very carefully over both our Estimates of Expenditure and Ways and Means. I therefore trust that whatever opinion may be entertained of our scheme as a whole, honorable Members opposite will not have it in their power to accuse us of rashness, seeing that we have computed no more for the future than we have received in the past. Then comes the following items:—Interest and special appropriations, £127,500; chargeable on loans, £563,200; sewerage, £60,932; water works, £103,935. Then, on the other side, to meet those charges, we have taken the revenue of the year at £1,205,907; to be raised by loan, £563,200; sewerage, £60,932; water works, £103,935. This, it will be seen, would leave a deficit of nearly £150,000; but we propose to wipe off this in a way that I shall explain more in detail to the House later in my speech, when I hope to be able to make honorable Members confess that we are justified in the proposal we make, which is that the money should be raised on loan, by terminable annuities, and in a manner that I shall, by-and-by, proceed to explain. Taking this sum then to the credit side of the account, there would be an apparent credit balance of £14,749. This, no doubt, is not a very large amount for them to trade upon, and might be thought to be drawing the revenue and expenditure rather finely together. But then honorable Members opposite must remember that we propose no new taxation, we do not suggest any additional burden on the people; and if we can manage what we propose, it will be something worth remembering that we, the first responsible Ministry of New South Wales, though starting with a heavy load of debt upon our shoulders, had managed after the first year of our office to make *la carte blanche;* and that in the next year we could start with a clear balance, and that though in debt we had nothing to do but to go steadily a-head and work it off. There is every hope that we shall go on improving, as I have shown we have hitherto done; and in proof of this I need but point to the revenue for the last ten months. When I held office with my honorable friend the Member for Stanley Boroughs as Treasurer, the amount of Customs' revenue received during the first six months was most disheartening, but since the month of June the unfavourable anticipations that were then justified have become entirely out of place, for our Customs' revenue has increased from that time in a most remarkable degree, but latterly more particularly; and I have only to hope that it will go on so increasing. No doubt a great deal of the falling off at the beginning of the year owed its origin to the uncertainty that mercantile men felt, and the unsettlement, as I may say, of the commercial mind, at the expected ministerial changes, and when alterations in the tariff had been counted on. We all know how much this is the case, and that until the financial statement is made in England, by the Chancellor of the Exchequer public interest is excited, and the mercantile world remains in a state of uncertainty until the changes proposed are ascertained. In the Customs department this sensitiveness is always more particularly felt than in any other. There are two things that are most sensitive, particularly of the acts of a Government—the public credit and the Customs revenue; the latter is more especially so, and if at all tampered with will never be a good one. Although I am aware that there are great temptations now to interfere with the Tariff, because we could readily tax articles of luxury which are yet also articles of every day consumption, and might have been tempted to take advantage of

it, yet so strong has been my conviction that to meddle with this revenue would be most unwise that I at once set the question at rest by making it public that I gave up all idea of it; and since then the revenue has gone on gradually progressing. I am happy to say that during the last week this revenue has reached the sum of £14,000, and that for the last two months it has averaged £47,000 per month. I do not think that we are unwise in assuming that for the year 1857 it will average the amount received during the last twelve months. Again, it is a gratification to find the duty on Colonial spirits also steadily increasing, though it has been checked to some extent by the high price of sugar, and that it is now very much larger than it was in June last, or than it was then expected to be. The following is an abstract of the revenue and receipts from January to October, 1856, viz. :—

Customs	£385,030	4	11
Colonial spirits	41,357	19	5
Gold licenses	24,523	16	8
Fees for escort of gold, &c.	3,040	12	9
Land sales	179,119	18	6
Rents of land	49,791	10	9
Quit rents	729	4	3
Redemption of quit rents	149	19	7
Survey of land	367	7	0
Rents, exclusive of land...	8,336	16	9
Licenses	47,633	4	1
Postage	24,451	13	11
Fines and forfeitures	8,047	6	1
Fees of office	19,671	5	2
Sale of Government property	1,012	0	9
Reimbursements in aid	55,317	17	2
Miscellaneous receipts	4,681	5	3
Pilotage	2,995	5	3
Repayment of advances	1,643	4	1
Mint receipts	9,289	14	0
Railway tolls	10,051	13	9
Interest on City debentures	4,295	8	7
Assessment on stock	31,277	8	5
Immigration fund	18,865	3	3
	£931,620	2	4

LOANS.

Proceeds of sewerage debentures ...	112,057	11	3
Ditto water works ditto	79,258	18	1
Ditto public works ditto	245,270	10	0
Ditto railway ditto	310,067	10	0
Repayment of advance on account of railway surveys	1,074	18	4
	£747,729	7	8
	£1,679,349	10	0

Thus £931,000 has already been received during this year, and to make up the estimate for the year would have to be supplemented by one-sixth; whilst on account of loans £747,729 has been received. This may seem going into minute details, but I can assure you that I go back with pleasure into these statistics for the past year, because it shows us that we have some good prospects before us for the year that is to come. For the information of the country I wish to direct your attention to the Consolidated Revenue. The balance is so small that were it not as it were public property I should almost hesitate to mention it. The condition of the Consolidated Revenue is as follows :—The balance on the 30th September, 1856, was, I am sorry to say, only £2,449 3s., but when you know that there is a large current deficit, you cannot wonder that the balance should be so low at this time. When I come to another part of my statement I shall show what I hope will be considered a good reason why a Finance Minister should always have a good balance in hand, and be in a condition to keep his head above water, whatever happens, and not be harassed by any pressure of a monetary character, which deprives the country of its credit. I look upon it as essentially necessary that a country should have a good floating balance if it wishes to borrow. The Consolidated Revenue has received, since 30th September, 1856, £101,271 4s.; out of this has been expended £84,688 4s. 2d., leaving a balance of £19,032 2s. 10d. The revenue raised by loan is as follows :—£14,370 12s. 2d., the proceeds of the debentures of the late Ministry—and I must here take the opportunity of observing that although my honorable friends opposite raised the loan, they left me to sign the debentures. Every two or three hours a heap of them was brought to my table which I was compelled to take home with me and sit up all night to sign them. I very much regret that I should have been compelled to deprive my honorable friend of this honor. To return to the subject of the revenue raised by loan: I have said that the balance in September was £14,370 12s. 2d.; since that period £214,688 12s. 6d. has been received, making altogether £229,059 4s. 8d.; out of this £69,825 16s. 4d. has been expended, leaving a balance of the Consolidated Revenue raised by loan amounting to £159,233 8s. 4d., which, together with the balance of the revenue proper, leaves a total balance on the Consolidated Revenue Fund, amounting to £178,265 11s. 2d. I now

come to that part of my statement, and I hope honorable Members will bear with me while I state at some length the position in which I stand, relative to the raising of certain loans, and I will here guard myself by stating that I do not advocate the principle of borrowing money for current expenditure. Such a principle can only prove injurious to any country, and I object to it entirely. But we must deal with the facts as we find them. The country is in a difficulty, and the country must look that difficulty in the face and take the best and quickest mode of getting out of it; and while I admit that to borrow for the current expenditure is evil—is injurious in the extreme—the condition in which we now find ourselves will justify us in the course I propose we should take, and I hope, as I believe, that the scheme which I shall propose, and which appears to me most fair and most expedient, will meet with the approval of every honorable gentleman in the House, as by it we shall get rid, and that with but little difficulty, of the deficit which now exists, in a very few years. You are all aware that there are three modes of raising money: firstly, by interminable obligations; secondly, by immediate taxation; and thirdly, by terminable annuities, the plan I propose to adopt, which will entirely extinguish the debt in a certain number of years. In order to explain this matter I must go into it at some length. Sir, the reason I have chosen terminable annuities is because that is the medium course,—we have a debt to pay, and we must pay it, and in order to free those who come after us we must bear some imposts for a time ourselves. I have taken some trouble to go into a calculation with reference to the value of terminable annuities, and I find that the present value of £1 for any number of years at 5 per cent., is 7·721·735, which is equal to £7 14s. 5¼d.; that is to say, to purchase an annuity worth £1 per annum for ten years, you must make a present payment of £7 14s. 5¼d. In other words, at 5 per cent. £100, to be absorbed in ten years, would give a terminable annuity of £12 18s. 4d. per annum. For ten years at 6 per cent.—and I will take this, it being the highest rate, and the one, considering the value of money in this country, which we shall most likely have to give—£100 would bring £13 10s. 10d. per annum for ten years. At this latter rate, to extinguish a debt of £150,000 in ten years, the colony would have to pay £20,312 10s. per annum. I refer honorable Members for the above calculations to an excellent work of Mr. M'Culloch's, with which is a good table of Mr. Jones' relative to the value of annuities. At the rate I have proposed, in ten years we shall get rid of the deficit. I hope, therefore that this proposal will meet with the unanimous approval of the House. I think the principle of terminable annuities at these rates the best means to follow; and this brings me to another part of my subject. If this means is followed, when we have these imposts established for a few years the burden will not be felt, and they may in future years be used to cover other debts. I take this point that taxation upon property imposed for the purpose of paying the annual interest on terminable annuities would afford (probably after it had ceased to be considered as a burden) an excellent adjunct to our annual revenue, ready to be applied, if desirable, as interest upon a further conversion of a permanent debt into terminable annuities. Supposing, for example, that the whole deficit was cleared off, that it was thought desirable to treat in a similar way the debt incurred for purposes of immigration, which amounts to £400,000, the same principle of taxation, nay, the same annual amount, would gradually liquidate, at the rate of £150,000 every ten years, the whole immigration debt in less than thirty years —£20,000 a year would cover £150,000 at 13 per cent. We all know that terminable annuities are equally advantageous to the country and to the capitalist. They are tempting investments and therefore are the best that we can offer, and capitalists will be induced to invest in them because they would receive a large amount of interest which they could re-invest; or the interest being compounded, they would in time receive an equal amount to their first investment, and so reap considerable advantage to themselves and at the same time benefit the country. I have thrown out these remarks as part of the scheme which I propose. I admit in suddenly taking them in hand, or even suddenly considering them they could not be at once comprehended by those who had not studied them; but as they contain propositions of very great importance to the House and to the country, I hope honorable Members will study them. They shadow forth the principles that will

guide me in dealing with this question, and I therefore hope they will receive every favourable consideration at their hands. Now, with these proposals as a means of getting rid of our deficit, and with these prospects before us of managing the finances of the country from year to year, and of dealing with our revenue so as to make our expenditure come within our income, I will say a few words. With regard to my scheme of taxation I am happy to relieve the House by stating that the Government has no intention of bringing down any complete scheme of taxation at all. Early next year, if the present Ministry remain in office, we intend to bring forward a scheme of taxation which will fall principally upon property, as we consider that mode of raising a revenue the more equitable one, and by this means we hope to relieve the labouring classes from the prospect of imposts. As long as this principle governs us we cannot go wrong in dealing with the question of taxation, and I hope that, with attention to the subject, should the Ministry hold office long enough to enable them to do so, that we will come prepared to submit such a scheme for raising the revenue of the country as will be creditable to us and worthy of the House. I am now upon my trial as a financier, and I hope for an impartial hearing, while I draw the attention of the House to those principles which will govern me in discharging my duties as Minister of Finance. I am certain all who hear me have read the authority which I am about to quote, and by which I will be in some measure guided. I will quote some of Adam Smith's maxims upon taxation. In the front that writer says:—1. "The subjects of every State ought to contribute towards the support of the Government as nearly as possible in proportion to their respective abilities—that is in proportion to the revenue which they respectively enjoy under the protection of the State." This is a principle capable of fair application to any country in a prosperous condition. Adam Smith says again:—"2. The tax which each individual is bound to pay ought to be *certain* and not *arbitrary*. The time of payment, the manner of payment, the quantity to be paid, ought all to be *clear* and *plain* to the contributor and to every other person." This was an excellent maxim, and one that should be as generally as possible followed. Again he says: "3. Every tax ought to be levied at the time or in the manner most likely to be convenient for the contributors to pay it. 4. Every tax ought to be contrived as both to take out and keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the State." All these maxims may be applied according to the peculiar state of a country, and are in a great respect applicable to all. Now, although the maxims of Adam Smith are generally correct, I confess I cannot give my entire adherence to some of the principles involved in the foregoing. No doubt it was a correct principle to lay down, and generally to follow, that each person in a State should contribute to the support of that State, according to his ability and the protection which he enjoyed. But this is a principle that is capable of being qualified. In an abstract sense the principle is right; but, if carried to excess, as it might be, would be found oppressive, unjust, and unpopular, and, in fact, not applicable. I will now proceed to lay before the House the results to which I have been led in considering the best means of apportioning the revenue. I do not mean to say that they are original; but so far as I know they will appear original to the House, for I arrived at my conclusions after mature reflections upon the subject, in the same way, no doubt, that honorable gentlemen would consider a similar subject. The revenue of a country should be raised in proportion to the amount of benefit each party in the State received and enjoyed through the protection afforded them by the Government under which they lived. There was a subdivision of interest which ought to be taken into consideration. One great consideration to keep in view is to understand the interest which each class in a community has in the State, and the amount of benefit it derives from the protection of Government. The protection afforded by a Government to the people living under it was very varied in its character. There is protection of life and property, from which follows many other interests assimilating very much to each other. There is protection, as he said before for life and property, a large benefit derived by some,—there is the benefit of education and religion peculiar to every class in a community. The advantage derived from protection to life and property is, however, of a character which varies according to circumstances.

With respect to these considerations I think that taxation falling upon a community ought to be so directed as to fall upon individuals in proportion to the number of population, rather than be influenced by wealth. That part of the revenue, which is raised from the benefits afforded by a Government through the channel of religion and education fall upon the mass, while the revenue raised through protection to life and property is drawn from a class, and comes under the head of improvement to property. With these sentiments I am of opinion that indirect taxation should be levied from Custom-house duties and other just and regular channels of tariff. I have not, in considering this matter, touched the necessaries of life. Beyond this, when it is found necessary to supplement the revenue, we will supplement it by a tax levied upon property. This explanation of the scheme so far devised is not new to honorable Members. Last year, when the taxation question was in some degree omitted, he took the same view and he thought then that the revenue should be supplemented. Whether the Custom-house revenue will be found heavy enough or not, and in some respects I think it is too heavy, we will supplement that revenue should it be found in any way deficient, from other objects of taxation, particularly those which bear upon improvement of property. If honorable Members will do me the favour of following me further, I will endeavour to show that the time has now arrived when the principle may be fairly and properly applied to this country. Our Custom-house revenue, taking it in round numbers, is £400,000, levied upon articles of particular consumption. I will not go into the subdivision of the question at any length, but I will assume for argument's sake that every man pays a certain tax for the tea he consumes, according to the quantity consumed; that tax going as a matter of course to the tariff. Taking the tariff, then, at half a million a year, I will show in a few words what I allude to as personal objects, and which I conceive include a larger amount of benefit as conferred upon the consumer than was covered or provided for by that impost; such advantages and benefits as are derived from protection to life and property, the support of education, and the maintenance of religion. For each of these objects is to be paid out of the General Revenue, and to each class I have put down the following items:—

To be paid out of Revenue.

Interest on loans	£120,000
Immigration	123,000
Roads and bridges	95,000
Educational	54,500
Religion...	42,300
Charitable	14,500

Protection of Life and Property.

Police	£171,000		
Military	43,000		
			214,000
Penal establishments and gaols ...		... ...	37,000
Justice		... ...	40,000
Preparation of land for sale ...		... ...	70,000
Postal interior	£62,000		
Steam communication	20,000		
			82,000
			£892,300

Although the foregoing explanation is anything but perfect as a scheme, it so happens that the particular objects which confer personal benefit upon all are not more than covered by their direct taxation. I therefore think the present time most happy for starting from and abandoning imposts which involve the foregoing objects, and to appeal instead to a tax upon property, especially when it is probable that a sum may be taken from the terminable annuities to cover the duty; and, perhaps, also, to aid the annual votes of money to be taken from the country generally. The interest upon debentures may be fairly classed as one of those charges which particularly render property valuable, as it gives a stimulus to improvement, and therefore the charge of interest ought to be borne in a great measure by those who own property. As the interest upon the money raised for various improvements causes the revenue to fall short, those who are benefited by these improvements should bear the expense arising therefrom, and therefore I think that the present is a very proper time to start upon a new principle, and to levy a larger impost from property than is the case at present. Having said so much of the principle that will govern the Ministry, I will now go into the consideration of the Estimates for 1857. Looking at the enormous expenditure as the inheritance of our first Responsible Government, it is a remarkable fact that, although the last Administration differed with us as to certain applications of the expenditure, there is not a difference of £2,000 in the Estimates between the last Administration and the present. This is a remarkable fact indeed. The Estimates prepared

by us amount to £1,060,914, without the loans, while the sum set down by the former Administration amounted to £1,060,159 within £1,000 of our Estimates. I look, therefore, upon this expenditure as the inheritance of the country, which will take time and attention to modify and improve. I always thought the simple expenditure of the Government was too large, and I think so still; but, although we cannot be expected, nor could any Government be expected, all at once to be able to curtail or improve, we will endeavour, as far as possible, should time be allowed us, to make such improvements as may be found practicable and necessary. The Government, however, must get time to look into the question, and consider how they can best remedy the evil. I admit that these Estimates are taken at a maximum, merely for the purpose of obtaining power to overhaul and correct them, which could not perhaps be so well done by fixing them at the minimum. I hope that when we have been some time in office there will be no opportunity for any one to charge us with having lost or omitted any opportunity of diminishing the revenue of the country, of curtailing the expenditure, and economising the public money as far as possible. The fact that there appears to be so small a difference between the expenditure now proposed and the expenditure proposed by the former Administration, shows that it is necessary to take a large expenditure for 1857, in order to bring the subject to an early settlement. I hope honorable Members will do me the credit to believe that we are sincere in our efforts to save the expenditure of the country, and also that they will not cavil or trifle with the Estimates which we lay before them, but allow us to have a fair trial; and when we come before them next year, if we are not able to show that we did not make use of our power, by curtailing all that could be curtailed in the way of expenditure, their opposition to us will be considered only just and proper. But honorable Members must take into consideration the short time that the Government has been in our hands, the little knowledge we individually possess of Government establishments, the difficulty of putting such establishments upon a good and permanent footing at once, and make allowance accordingly. With these remarks I will proceed to allude to those parts of the Estimates to which I particularly desire to draw your attention. We have effected some saving—no doubt it was not much—by late arrangements. I will refer now to the salaries which, although not fixed so low as was intended by the former Administration, are only the same now as they were when I was in office before. It is intended in some instances to abolish the temporary gold increase, and to fix the salaries according to a permanent scale. The principle we intend to follow with regard to the salaries will be found to work both economically and liberally. It is not intended to decrease the salaries much, for, taking into account the high price of living and the high rate of rents particularly, I do not think that the clerks employed under the Government could be expected to do their duty to the public with efficiency if their salaries were made too small. It is intended to take 25 per cent. of the temporary gold increase from the salaries of some, and, with respect to the clerks, we expect at an early date to classify them, and to deduct from their salaries £25 per annum, beginning with the highest to the lowest. I would not object to give an increase, year by year, to those who were deserving of it; and one difference between the scheme of the present and the former Administration is this, that it is never intended by the present Government to give an increase unless in cases of acknowledged ability. The system of increasing salaries on certificates of service for five or any number of years is entirely abolished, and no increase upon any account will be given, unless to highly-deserving persons. Encouragement will be given to men of aptness and fitness, and the selection of persons to office will be governed by their efficiency only. The system of regulating the Government expenditure will be found both just and economical and proper towards both the Government and its employés. Our intention is to employ and pay only those who are really capable of performing the duties entrusted to them. And I will say further that while we remain in office no man will receive a salary who has not justly earned it. I am not an advocate for cutting down the salaries too much. Although we have effected reductions in some cases we have left the small salaries untouched. The expenditure for police, navy, and military remains the same, the large salaries being those upon which the chief reductions have been made. Now, alluding to the proposed

expenditure of £1,060,000, if people would only look at the manner in which this money was to be disposed of, and consider how little of it was to be devoted to the mere purposes of Government, and how much towards promoting the general interests of the country, they would see but very little to complain of in the state of our public finances. I do not think honorable Members have been in the habit of looking so closely into the matter as they might have done. I did not myself, until lately, see the advantage of contrasting the expenditure of this country with that of other countries, and noticing the proportion set apart for public purposes, as compared to that devoted to mere purposes of Government. Among the items to be defrayed out of the current revenue, independently of loans, were, interest on debt, £120,000; immigration, £123,000; roads and bridges and public works and buildings, £95,000; educational purposes, £54,500; religion, £42,300; charitable purposes, £14,500. Then for the protection of life and property there was proposed to be applied the large sum of £214,000, namely, police, £171,000; and military, £43,000. For gaols and penal purposes it was proposed to expend £37,000, and for the administration of justice £40,000—all of which, I am happy to say, will come out of the revenue. It will be seen by comparison that in all these respects our expenditure bears a favourable contrast with the expenditure of the mother-country. Then, we pay £70,000 in preparing the land for the occupation of our fellow-countrymen at home; £20,000 for steam communication; and £62,000 for postal services—making an aggregate expenditure of more than £800,000, irrespective of the Executive, Legislative, and other establishments. This is a startling fact, and one which I hope will induce the House to pass these Estimates without that bickering as to detail which usually accompanies their discussion. Having gone so far, I now come to the Ways and Means, which will probably be laid on the table this evening. They are extremely simple, and the items set forth in them are, I am happy to say, nearly all covered by existing statutory arrangements, so that it will be unnecessary to impose any additional taxation of consequence. The amount to be raised by loan is £563,200, and the amount of ordinary revenue is £1,205,000, nearly the whole of which is already provided for. The new items which may be said to come under the head of taxation are the proposed export duty on gold and the fees from miners' rights, which may be regarded as mere substitutes for the gold licenses and royalty. The other new items consist of a trifling license fee from wholesale spirit dealers and bonded storekeepers. With these unimportant exceptions, the Ways and Means will be derived from the same sources as before. That such should be the case—that we should be in a position to meet so large an expenditure without imposing any additional taxation is, in my opinion, a matter upon which I may well congratulate the country. It is the intention of myself and colleagues, during the recess, to devote our earnest attention to the whole question of taxation, and I trust that we shall be enabled before the opening of the next session to devise some system which shall meet with the general satisfaction of this House and of the country. We shall be prepared to submit to the country a system of taxation which, bearing upon property for the further supplement of the revenue and releasing labour from the burden, in imitation of the great fiscal principles which distinguished the financial scheme of the mother country, apportions the contributions so that the humbler classes gain by the contributions of the richer. We shall do this not by placing undue burdens on the squatters, as some honorable Members opposite have signified their wish to do, nor yet by resorting to such absurd temporary expedients as taxation by the cubic foot. We hope to frame such a scheme by the session of 1857 as may last at least until 1877. With regard to our large and rapidly accumulating public revenue, we propose that £400,000 of it shall be expended in the construction of railways, but not as heretofore at the rate of £15,000 per mile, but according to some well defined basis by which railway extension can be carried on with far greater economy and rapidity, not only to the north and south but to the east and west—in fact to all parts of the country. In appropriating money for this purpose due discrimination will be exercised so as not to make one part of the country pay for the improvements of another. I would not, for instance, impose a tax upon water-carriage up the Manning River for the purpose of constructing a railway to Parramatta. I would make all parts share and share alike.

We ask you for large sums, it is true, but they are for purposes of great public utility, and we also assure you that the strictest economy will be observed in their expenditure. With regard to the principle of borrowing money, I have always been of opinion that the issue of debentures for short periods was a dead loss. It appears to me that there are only two or three ways in which public debt can be economically contracted, and these are either by making the debentures interminable (giving the Government the privilege, however, should they think fit, of taking them up at par at the end, say, of five and twenty years) or by the issue of terminable annuities, with the condition that they shall not be made payable in England, by which the colony would lose 15 per cent. I am also prepared to issue, under certain conditions, debentures for small amounts, so as to enable the poorer classes to share in the speculation. People who have a little money to spare will see when, for the use of £10 for six months, they will get five shillings, that it will be better to invest that sum in Government securities than to squander it in public-houses. Another advantage which will be gained in a moral point of view will be, that the working classes will see that by keeping the debentures in their own hands they will have an accumulative value which they will not possess if they are passed from hand to hand. An honorable Member near me (Mr. Barker) whispers something about interfering with the Savings' Bank; but I do not think that this arrangement will interfere with that institution. The Government will not force the debentures on the public; but I feel assured that when the labouring classes find that for a £10 debenture they will receive five shillings for six months, and can also turn it into land if they choose to purchase at a public sale, they will come to the Government with their savings. Much as I admire the Savings' Bank, of which I am a trustee, as well as the honorable Member (Mr. Barker), I cannot but feel that the impossibility of transfer, the risk of losing the deposit papers, and the difficulty arising from distance, are circumstances which gave a great superiority to the debentures, independent of the higher rate of interest. Admirable as the Savings' Bank is, we cannot conceal from ourselves the fact that it is attended with considerable expense, as is evidenced in the large house which they have built, and in the salaries which are paid for management. But leaving out the other advantages attending the small debentures, the chief advantage is to be found in the moral effect they will have on the labouring classes. There is another reason, of a political character, which possesses more weight in favour of the debentures. The Savings' Bank, having deposits to the amount of £6,000,000 always at call, is liable to a run. It is true the Government holds £600,000 by way of safety-valve; but still confusion is liable to be created by the public making a run on the Bank. Now, on the other hand, every man holding a £10 debenture becomes a policeman, interested in the good order of the State —becomes one of those in whom the government of the State is vested. These are among the reasons, social, moral, and political, which induced the Ministry to determine on issuing debentures for small amounts. I again repeat, in order that I may not be misunderstood, that I shall never advocate the borrowing of money to meet the current expenditure; nor should I mention the borrowing of money now, were it not that the borrowed money shall not become a permanent debt. For these reasons it is that I purpose to make up the deficit by a loan. Whoever has the administration of the public affairs I would impress upon the House that the eyes of the financiers of Europe—the eyes of the Ricardos and the Rothschilds—will be upon the financial arrangements of the colony, for according as our plans are well or ill advised will the European capitalists be prepared to lend or withhold their capital. I believe the credit of the colony to be good—perhaps I may say too good, seeing that there was a tendency on the part of all Governments to borrow. Indeed, I feel that we require some one at our elbow to suggest to us that we must not squander our money in the construction of expensive railways—that costly works require to be looked after when constructed, and require a large expenditure to keep them in repair. We must have a debt if we are to have public works. The test of the credit of a country is twofold. In the first place to have a public domain which is at all times a source of revenue; in the second place to have a population capable of bearing taxation. Now, as to our public credit, we are better off than the mother country, because she has not, like

us, a public domain. She, no doubt, has a people capable of bearing unlimited taxation, and hence her credit is unbounded; but we have both a public domain and a people capable of bearing taxation. England has a debt of eight hundred millions; but she borrows from her own people, so that her debt was absolutely a benefit to her working classes. I repeat that it is so; for the difference between a debt borrowed in the country and out of it was as great as the difference between A and B. The great object of a financier in this colony—his *decus et tutamen* in fact—should be to borrow what money was required from the people of the colony. No doubt the attempt will encounter some difficulty; but a remedy will be found in the rapid steam postal communication which will soon be established between this colony and Europe, by which means the European capitalists will be brought to our doors. I lay it down as an axiom, that debt borrowed in the country, and the taxation to pay the interest on which is levied on capital and not on labour, is an advantage to a country. I put it to the Honorable Member for Brisbane and Bligh, whether if a servant of his held a Government debenture, the interest on which was paid by a tax on property he did not pay, and the servant pocket the money? I hold that axiom, and I am prepared to argue the point at any future time with the Hon. Member (Mr. Robertson) or with any one else. I object, however, to borrowing money under any circumstances in a Colony like this, except it was intended to be expended in improvements, and then only on such improvements as were likely to afford a return. I am of opinion that money should not be expended in erecting costly railway termini and stations, nor in laying down double lines of rail where a single would answer, nor in otherwise incurring unnecessary expense. On the contrary, I would, in the first place, construct cheap and plain works, and improve them as the colony progressed. Let them contrast their position with that of the Mother Country. We have a small debt, and millions of acres as a resource whence to obtain the means of paying it. In this respect have we not a great advantage over the Mother Country, and over every other country? If we only continue to be favoured with the blessing of Providence, and be guided by ordinary foresight, we have a future before us more abundant in promise, more replete with brilliant prospects, than is the future of any other Country of the present day. I beg to draw your attention again to our Ways and Means. I say, that we propose no new taxation as such. We propose to increase the licenses, to assist the Customs revenue by a small tax on bonded warehouses, by a gold duty, which was only a change of the system by which a revenue was hitherto drawn from the gold produced in the Colony, and by a miner's right, which was only the digger's license fee in a new shape. Of these, which are the only exceptions which I make, the merits will be discussed hereafter. The resolutions which I propose to submit to the House are these:—

1. That there shall be taken and levied upon all wholesale spirit dealers an annual fee, that is to say, a fee of £30 upon every wholesale spirit dealer in Sydney; and also a fee of £15 upon every wholesale spirit dealer in all other parts of the Colony.

2. That there shall be taken and levied upon owners of all licensed bonded warehouses in all parts of the Colony an annual fee at and after the rate of £50 for any such licensed bonded warehouse: Provided that an additional annual fee of one pound sterling for every ten tons of cubical contents over and above the first fifty tons (calculating at the rate of forty cubic feet to the ton), which such bonded warehouse is capable of containing within the four walls and upon the several floors or divisions of such bonded warehouse, shall be annually levied upon all such owners of licensed bonded warehouses as aforesaid.

3. That the sum of four hundred thousand pounds be raised by the sale of Government debentures, to be expended during the year 1857 in the extension of railways towards the north-western and southern divisions of the Colony.

4. That a sum not exceeding one hundred and fifty thousand pounds be raised by the sale of terminable annuities having ten years to run, to meet the expenditure in public works and other requirements of the Public Service not otherwise provided for in the years 1854, 1855, and 1856.

5. That the sum of one hundred and thirty thousand four hundred pounds be raised by the sale of Government debentures, to pay off a like amount of Government debentures falling due in 1857.

6. That a sum not exceeding thirty-two thousand eight hundred pounds, to be raised by the sale of Government debentures, to be expended in certain public works in the year 1857, as set forth and specified in the Estimates of Expenditure under head No. 6—for "public works to be provided for by law,"—page 81 of the Estimates of Expenditure for 1857.

I shall now draw attention to the practice of Great Britain in the matter of borrowing. Without going into the merits

of the scheme which we have adopted for borrowing the deficit, I shall show, by quoting some recent Acts, how far we are following in the wake of Great Britain. I shall show that in the year 1856 no less than five modes of borrowing money were adopted by Great Britain. The first quotation is from an Act (19 Victoria, No. 4) to apply the sum of £1,631,005 1s. 5d. out of the Consolidated Fund to the service of the year ending 31st March, 1856. It is as follows :—

1. There shall and may be issued and applied, for or towards making good the supply granted to Her Majesty for the deficiency in the grants for the service of the years ending the thirty-first day of March, one thousand eight hundred and fifty-five and one thousand eight hundred and fifty-six, the sum of one million six hundred and thirty-one thousand and five pounds one shilling and five-pence out of the Consolidated Fund of the United Kingdom of Great Britain and Ireland, and the Commissioners of Her Majesty's Treasury of the United Kingdom of Great Britain and Ireland, or the Lord High Treasurer of the United Kingdom of Great Britain and Ireland, for the time being, are or is hereby authorized and empowered to issue and apply the same accordingly.

The next Act under which money was raised was 19 Victoria, No. 6, and was intituled "*An Act for raising five millions by way of annuities.*". By the third Act the sum of three millions in exchequer bills was founded, and sums of money raised by way of annuities. The next was an Act to apply the sum of £26,000,000 out of the Consolidated Fund to the service of the year 1856. In this Act occur the following passages :—

We, your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom of Great Britain and Ireland, in Parliament assembled, towards making good the supply which we have cheerfully granted to your Majesty in this session of Parliament, have resolved to grant unto your Majesty the sum hereinafter mentioned; and do therefore most humbly beseech your Majesty that it may be enacted ; and be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords spiritual and temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :—

II. It shall be lawful for the said Commissioners of Her Majesty's Treasury from time to time, by warrant under their hands, to cause or direct any number of Exchequer Bills to be made out at the receipt of Her Majesty's Exchequer at Westminster, for any sum or sums of money not exceeding in the whole the sum of twenty-six millions ; and such Exchequer Bills shall be made out in the same or like manner, form, and order, and according to the same or like rules and directions, as are directed and prescribed in an Act passed in the forty-eighth year of the reign of His Majesty King George the Third, chapter one, and in another Act passed in the session of Parliament holden in the fourth and fifth years of the reign of His late Majesty King William the Fourth, chapter fifteen, and in another Act passed in the session of Parliament holden in the fifth and sixth years of the reign of Her present Majesty, chapter sixty-six.

VII. It shall be lawful for the said Commissioners of Her Majesty's Treasury to issue and apply from time to time all such sums of money as shall be raised by Exchequer Bills to be made out in pursuance of this Act to such services as shall then have been voted by the Commons of the United Kingdom of Great Britain and Ireland in this present session of Parliament.

VIII. The principal sum or sums of money to be contained in all such Exchequer Bills to be made out by virtue of this Act, together with the interest that may become due thereon, shall be and the same are hereby made chargeable and charged upon the growing produce of the Consolidated Fund of the United Kingdom of Great Britain and Ireland in the next succeeding quarter to that in which the said Exchequer Bills have been issued ; and it shall be lawful for the said Commissioners of Her Majesty's Treasury for the time being, and they are hereby authorized, from time to time, by warrant under their hands, to direct the Comptroller-General of the receipt of the Exchequer at Westminster, in such manner as they shall think necessary, to grant a credit on the Exchequer Funds in the Bank of England unto such person or persons as shall be named in the said warrant, which credit shall be chargeable on and paid out of the growing produce of the said Consolidated Fund of the next succeeding quarter to that in which the said Exchequer Bills have been issued, for any sum or sums of money not exceeding in the whole a sum sufficient to discharge and pay off the principal sum or sums of money contained in such Exchequer Bills then outstanding, and which may have been made out and issued by virtue of this Act, together with all such interest as may be due thereupon.

The last of the five Acts to which I refer was for raising the sum of £21,182,700, by exchequer bills, for the service of the year 1856. Thus in one year were forty-seven millions borrowed on a revenue which was to accrue, and five millions for annuities. The debt was no doubt contracted in reference to a war ; but the occasion of the exigency did not much affect the question.

I shall now conclude my observations, and I can only express my regret that my health has not enabled me to express myself in a voice more clear and intelligible. But far more earnestly do I wish that I could have made the statement itself more clear ; that I could have devised, and could have explained, a system of finance more full and complete in all its details than that which I have very inefficiently expounded

to the House. To have devised a complete scheme of finance which would have satisfied the Assembly and the Country would indeed have made this a proud day for me. But in what I have failed I now ask the House to assist me. It is one of the highest and most important functions of this Assembly to aid in rendering as perfect as possible the system by which the financial affairs of the Country can be carried out. If in my endeavours, if in the scheme of policy I have endeavoured faintly to develop, I have come something near the mark—if I have marked out a path which will guide the House to a correct understanding of the facts connected with the question, and the right principles under which those facts should be treated, I am satisfied, and feel that if this verdict should be recorded to me I have done my duty to this House and to the Country. He now moved that the Speaker do leave the Chair, and the house resolve itself into Committee of Supply.

NEW SOUTH WALES.

The Financial Statement of the Honorable Stuart Alexander Donaldson, made 20th August, 1857.

[*From the Sydney Morning Herald of* 21*st August*, 1857.]

LEGISLATIVE ASSEMBLY.

Thursday, 20 August, 1857.

FINANCIAL STATEMENT.

Mr. DONALDSON rose and said: Mr. Holroyd, in bringing before a Committee of the Whole House this evening what may be called, in Parliamentary language, the Budget for the year, I have to crave the indulgence of honorable Members. I have, indeed, to pray for more than the ordinary indulgence which is allotted to Members of this House. In starting, I will, in the first instance, say that I have taken the very first opportunity which, according to the rules of Parliament, it was in my power to do, to state to the Assembly our financial position, and the principles on which it is proposed by the Ministry to raise the necessary revenue to carry on the business of the country for the coming year. I have taken this course because, not only as a general rule, I believe it right and proper that Parliament should, as early as possible, be placed in possession of information as to the required expenses of the colony, but because in this session, commencing as it did at so late a period of the year, it is more urgently necessary the House should have it with the least possible delay. It is right that time should be afforded for the fullest consideration of any scheme of new taxation, and to make up our minds fully as to what the public requirements and the faith and credit of the Government demanded, as well as to calculate fully what amount of revenue the Government of the country can afford to pay. This is the first session in which a Responsible Government in this colony has had to review the system of finance which, with the full control of all its revenues, it has devised for itself. It is now for us to look back on the past, and carefully weigh the future, and then to say how far we have as yet shown ourselves able to manage our own affairs. This is the first year of our nonage. We have for the first time opened an account with our own banker, and it behoves us to see, from our past year's experience, whether we can make both ends meet, and whether we have been disposing of our means economically and well. It is well to be remembered in the consideration of the present circumstances of the colony, that when we undertook the management of our own financial affairs Great Britain was engaged in a devastating and disastrous war. The two greatest commercial countries in the world on the one side were arrayed against another, the most extensive and autocratic in the world. It is impossible but that this war and the vast expenses it entailed must have had a most serious effect on the trade and commerce not only of Great Britain but of every European country, and particularly of the British colonies. The intense demand for money thus occasioned would infallibly lead to the diminution of capital employed in colonial enterprise, if not the withdrawal of the capital already embarked in such enterprise. Under such circumstances as these, Sir, I do not hesitate to say that it is a matter of deep thankfulness —a matter that should call forth our gratitude—that no domestic or financial difficulty has overtaken us. I shall pass over the detailed statistics as to what the material progress of the colony during the past year has been, but the results sufficiently afford matter of congratulation

that we live in a country at once so young, so great, and so prosperous. It is not my intention, Sir, to go into all the details of the past financial system of the country. It was my duty to do this last session, in order that I might expose the evils of that system, and to explain those reforms which I proposed to make on it. Now I have only to refer to the financial arrangements of 1856 and 1857, and see how far the results will be consistent with those safe and sound principles which ought to regulate the future financial policy of the colony. I will state, Sir, that I believe the point has been reached at which indirect taxation on labour combined with capital should cease, and that any additional taxation should be imposed on capital alone. It has been decided by this House, on what I consider correct fiscal principles, that *ad valorem* duties should be abolished, and I think it by no means desirable that the particular duties on articles of necessary consumption should be increased. During the past year, Sir, the only increase to the indirect taxation of the country has been the license fee required under the Bonded Storekeepers' Bill, and the fee demanded from wholesale spirit merchants. The former had not been appealed against in any way, and the latter was, I believe, found not to be in any way oppressive. I am aware that under a wrong impression some few of the wine and spirit merchants have paid their license fee under mistake, but I am not aware that there has been the slightest opposition expressed to the principle of the measure under which that fee is levied. Then, with regard to the system of borrowing money, I believe the principle of borrowing on permanent instead of temporary securities is a good one—that it has been productive of great saving and good to the colony, and that it has met the approval of the public generally. The plan I adopted, under the authority of this House, was to make the debt of the colony permanent—to make the debentures issued interminable, and the interest on them payable in England; and by the adoption of this system the colony has been saved at least 2½ per cent. I believe it to be my duty, in entering into the statements I have to make, to put the House in possession of the fullest explanation in my power, and I shall not withhold anything which I think can throw any light on this important subject, and if other papers or other figures are wished for by any hon. Member, I shall be most happy to furnish them. [The hon. Member here entered into a statement, showing that the actual deficit in the revenue was decreased in the present year, while the estimated amount of revenue was considerably exceeded.] I do not say that in having been fortunate enough to secure this successful result we have done better than others would have done had they been in our places; but it is plain that the measures which have been adopted have tended to put the finances of the country in a better position. I believe, apart from this, they have been of a nature to advance the credit of the country. Nor is it enough to say that, by the new system of borrowing, 2½ per cent. only has been saved. A great amount of money has been retained in the country by giving these debentures a value as a security in England. They are—I speak of the interminable debentures—the funded debt of the country, and are sought for as the securities for the funded debt of England are sought. The consequence is that the Banks are buying every debenture they can pick up to send Home to England as a remittance, and every one that goes Home not only saves the country 2½ per cent., but the loss of interest on capital during the time which would be otherwise required to send Home the money which would be required for such remittances. I think that this is quite sufficient to show that for every economic purpose, if a debt must exist in any country, it is better that it should be a funded debt than a floating debt. This step of mine, I do not hesitate in saying, was one in the right direction; it was, in fact, one pace onwards towards the conclusion we have now arrived at, that funded debt will be the most beneficial to the colony. I do not at all demur about making the admission that by a system of terminable annuities, you will always have staring you in the face a debt that possibly you may not be prepared to meet, and that will be constantly recurring year after year, possibly for many years to come. The arrangements sanctioned by the Legislature have been already commenced; £100,000 worth of debentures have already been sent Home to England for sale—not however to be forced upon the market at an improper period, for I conceive that it would be very bad policy that instruments, the value of which we all know, should be forced into the market at a time when they may not

be required. It was on this account, then, that I sent Home the documents through the banking agents of the Government, the Oriental Banking Company, for sale in the English market, but only if occasion might offer. My object in doing this was not, as the hon. Member for Northumberland (Mr. Piddington) once said, to sell instruments bearing 5 per cent. interest merely to invest the proceeds in securities that bore only 3 per cent.; but in order to have money at the disposal of our agents, money in a useable condition, to meet those demands upon the Colonial Government, that have their issue in the mother country—to meet claims for railway stores and others of a similar nature that would arise there. On account of these debentures we have taken from the Oriental Bank an advance, nominally, of £90,000 and this amount will form a portion of those arrangements for the year, to which I would draw the attention of the House. I propose to lay on the table of the House certain tabular returns connected with the sale of these debentures, in which will be shown not merely the amount of debentures sold, but also the actual amount realized by such sales, with the various prices given for all debentures sold during 1857. Before I go further, I would wish to allude briefly to the six Bills I have introduced this day, and if hon. Members will but look at them and join them with the financial statement that I hope to lay clearly before them, ere I quit this House, they will be in possession of a complete codex of the true financial position of this country. This codex will show, as I think, a progressive and a safe financial policy, which, after having passed through the constitutional checking of the Opposition, by which it will no doubt benefit, will be able to bear the test of public scrutiny hereafter. I will now not do more than allude to the speech of his Excellency the Governor-General in opening the Parliament. In that speech, the paragraphs bearing upon the financial position of the country are those numbered from 15 to 22 inclusive. These paragraphs have this day had their fruition. The Estimates are now on the table of the House; the Treasury Bill, the Auditor General's Duties Bill, the River Murray Customs Bill, the Public Debt Treasury Bill, and the Customs Laws Consolidation Bill, are now before the House, and these are of a kind to bear the test and scrutiny not only of this House but of the country. Having opened the subject thus far, I will now proceed to deal with the actual accounts of the country as they now stand. It will be in the recollection of hon. Members that it was my duty to inform them that there was, on my taking office, a very serious deficit in the revenue. On my doing so, the House was good enough to place at my disposal the means of covering this deficiency, and a Bill was passed providing for its being met by loan. Of that Bill, and the powers contained in it, the Ministry have not yet availed themselves; it is still, however, in existence, and I am glad that it is so, because it places any Finance Minister—and I know not how soon some gentleman, perhaps from the other side of the House, may succeed me—it places him, I say, in an easy position, since it makes his credit good, by enabling him at any time to meet demands that may be made against him. But I also hope, that as the Bill has not yet been had recourse to, there will not be any occasion for future Ministers to avail themselves of its provisions, and that though they may still have the credit to fall back upon in case of need, they will never be forced to touch it. Happy, indeed, will that Secretary for Finance be, who, having arrived at the policy that I—and when I say I, I mean the Government with which I am connected—have shadowed forth, will year by year diminish this deficit, until, at last, he will be able to say to this House: "I have cancelled the authority you gave to raise £150,000 on loan; as I am glad to say that now it will no longer be required!" Such a statement as this will not be made this year—nor yet next year; but I certainly trust that, by carrying out a sound system of financial policy, such a result may, at no very distant date, be arrived at. As far as I am concerned, the House will, no doubt, be glad to hear that I have borrowed nothing under the power given me by this Bill; though for this result I take no credit to myself, but am inclined to lay it rather to the account of the advancing prosperity of the country. By the statement of the accounts that I am now about to go into, it will be found that the paragraph in the Governor General's opening speech to the Parliament, which says—

The financial condition of the country has, during the recess, received my most anxious attention. It is a subject of congratulation that the deficit in the revenue existing at the commencement of

1856, has been diminished by economy and the improved state of the public income, and that, up to the present time, I have not been compelled to avail myself of the authority to borrow any portion of the sum of one hundred and fifty thousand pounds, placed at my disposal to cover this deficit.

has been fully borne out. Now, before the end of 1856, I laid before the House a statement of the estimated deficit of the revenue on the 31st December, in 1856; and of the estimated deficit on the 31st December, 1857. The estimated deficit at the end of 1856 was £151,623 4s. 5d.; but the latter part of the year gave an increase of revenue over the estimate of £31,279 9s. 9d. The return in which this account is contained, was laid before hon. Members in November last, and, if they glance over it, they will see that the estimated deficit of 1856 was thus reduced at the close of the year to £120,343 14s. 8d. The amount of Estimates that I laid upon the table of the House, to be voted by hon. Members in 1856, for the service of 1857, amounted to the large sum, I will confess, of £1,103,940 15s. 11d. I have the satisfaction of informing honorable Members, however, that of this last amount the Government have not been under the necessity of appropriating some £30,000, and this may be said to have been saved to the country. The saving here named has arisen in this way: The amount for interest on debentures was estimated at £130,000, but owing to the way in which we borrowed the money, and to the fact that the exchequer balances, by proper financing, have always been kept flowing, the interest account has been much less than was anticipated; and under this head alone something like £20,000 have been saved. Further than that, a sum of £10,000 had been saved out of the votes passed by the House, but not appropriated. Of this last sum nearly one-half consisted of the votes for pensions to the Judges, none of which has been required. This will leave the amount of actual appropriation for 1857 at £1,073,940 15s. 11d. The proposed Supplementary Estimate of this year amounts to £52,757 10s. 8d. This, no doubt, is a large sum. I have to propose it with regret, but I do propose it because I consider that every item of the expenditure has been necessary. Whether it is to be sanctioned or not it is for the House to say; but I am compelled now to take the whole amount as if granted, in order to bring up my balance to the proper time. The estimated deficit for 1856, the appropriations, and the Supplementary Estimate for 1857, will amount therefore to £1,247,042 1s. 3d. So much for the debtor side. Now let us turn to the creditor part of the question. On the subject of revenue, we can come to a pretty accurate conclusion of the amount likely to be derived from various sources, seeing that already seven months of the year have passed over, and from the result of these a very fair guess may be made of what may be expected from the others. Now the amount of revenue actually collected up to the 31st of July of this year has been £641,521 18s. 2d., whilst the amount estimated up to the end of December, 1857, is £480,870. This will make the whole amount of revenue for the year £1,122,391 18s. 2d. The revenue, I may here mention, has not reached the amount I last year estimated it at. One item, the land sales, has fallen off very considerably, not touching anything like the sum that I had set down for it. Whether this has arisen from the agitation of hon. Members opposite, or whether the supply of land has not been in proportion to the demand for it, or whether the state of the market prevents the desire to acquire land, I shall not now stop to consider; certain it is that the sales of land have fallen off very considerably. This, however, can be no fault of the financier. I do not state it with a view of impugning the ideas of hon. gentlemen opposite, or of supporting those of this Government, but merely as a fact that is worthy of remark. Some explanation for it may perhaps be afforded when the Land Bill comes under the consideration of the House; at all events, an opportunity for enquiry will then be given, and if any blame can be attached to the Ministry for this falling off, I shall be prepared to take my share of it. However, I now mention the circumstance, simply in my capacity of cash-keeper, in order to show the House the great necessity there is for the exercise of economy and care on all sides. The amount of revenue, deducted from the claims for the year that it has to meet, leaves an estimated deficit, at the close of the present year, of £124,650 3s. 1d. And here I would call to the minds of hon. Members the statement I made to them last year when laying before them my financial statement for the year. I was then accused of being too sanguine, but

my views did not keep pace with the actual fact. I now take no credit to myself for being so near the mark as I was in my estimate, because I am quite prepared to admit that the revenue of this or any other country depends upon circumstances that neither I nor any other person in it can foresee; and moreover, I cannot take this credit to myself, inasmuch as I estimated the surplus revenue over expenditure at £14,000 whilst it turns out in fact to be £24,000, an error certainly on the right side. Having arrived at this, however, the House, may now see what our position will be at the close of the year 1858. I first carry into account the estimated deficiency of 1857, as shown in the return now laid on the table, which is £124,650 3s. 1d. The appropriations required by the Estimates for 1858, now on the table of the House, amount to £1,396,232 4s. 4d., an enormous sum I will admit, but one considered by the Government necessary to meet the requirements of the service. Then the amounts to be raised by loan are, for public works, £50,500, and to pay off debentures falling due this year, £100,000, making together £150,500, which will have to be deducted from this Estimate, and thus leave £1,245,732 4s. 4d. to be provided for. This, taking into account the authority to borrow, of which I have already said that this Government has not availed itself, will leave to the credit of the Consolidated Revenue an apparent balance of £23,017 12s. 7d. It has been shown in the statement of Ways and Means that the revenue for 1858, based on a moderate calculation, will amount to £1,243,400. By taking credit for the sum of £150,000, authorized by the House to be borrowed, to cover the deficit of 1857 there will remain an estimated balance of £23,017 12s. 7d. Now, the statements in this respect must be at present necessarily very brief, but the particulars will be open to the scrutiny of honorable Members; and I must say that the subject is one which demands from the House considerable investigation. The expenditure, of course, will be laid before the House in detail—the particulars of the deficit will also require explanation. It will be seen that the estimated revenue and receipts of the country for 1858 amount to £1,393,400; but, before I go further into the subject of the Estimates, which I will have to do at some length by-and-by, I will say a word or two about the statement of Ways and Means for next year. I propose to divide the subject under two heads, the Estimates and the Ways and Means. I have said that the Estimated Expenditure for the year to be provided for out of the current revenue, amounts to £1,245,732 4s. 4d.; and when I state that such is the case, and have explained all the particulars connected therewith, I am sure the Government of which I form a part will no longer be taunted with not having devoted our attention in any way to principles of economy in carrying on the financial affairs of the country. I have succeeded in effecting a greater saving for the year 1858 by my system of managing the department of which I am the head than was ever effected in any one year since the commencement of the Government. That may appear a rather vaunting statement to make, but I am prepared to prove it by figures. It has been charged against us that we have not economized, or cut down, or diminished the expenses of the Public Departments, or took any means of saving the public money; but I will be able to show by the deficit statement that I have not been blind to matters regarding the economizing of the public funds. By the means I have adopted for transacting the Bank agencies of the country I have effected a saving for the year of £6,000, and that sum was rather below the mark; but the figures will be laid before the House, and the facts will then speak for themselves. It will be seen that under arrangements entered into for the sale of debentures with the Bank of New South Wales £650,000 worth of debentures have been sold, the Bank charging not only 1 per cent. for negotiating them but ½ per cent. commission for paying them off at maturity. I do not blame our predecessors for their management of these matters; they might have managed them in some respects favourably to the country; but certainly, in their dealings with the Banking institutions, their financial policy was neither beneficial nor sound. I take a lenient and limited view of it when I say that, in negotiating the debentures to the amount of £650,000, they have entailed upon the country an expense of nearly £10,000 for commission. Whatever our faults may have been in the management of affairs, we could never be charged with mismanagement of that kind. By the way I deal with the Banks with regard to de-

bentures, the Government has not to pay commission upon its banking accounts, and on that transaction alone would have saved £6,500. With reference to our commercial agency I have effected a saving of between £3,000 and £4,000, that is on a very moderate calculation. In the salary of the Colonial Agent-General, I save £300 a year, one-third of a bonus on £1,050—a saving is effected of £350, and the bonus of £1,050 was also saved to the country, and was already paid into the Treasury. I have effected a saving at the rate of two-and-a-half per cent. commission on railway plant alone, which on £150,000 amounts to £3,750; these sums make in all a saving of £4,400, together with a sum of £3,000, saved to the Customs in the Department of Finance and Trade. I would say in passing, that the Estimates show an increase of £3,500 on the Customs, but it must be borne in mind that though the staff employed in that department has been reduced there is an increase for the lockers of bonded warehouses; these would be separately paid by the imposts upon the stores. In the Customs Department a saving in the end will be effected of £300; in the Light and Pilot Office £2,070; in the Mint, £2,800; in Pilotage £1,200; the system adopted to effect the saving in this particular instance I will fully explain before sitting down. In the Stamp and Printing Department £915 has been saved. In the saving of this latter item some credit, I believe, is due to the honorable Member opposite, who preceded me as the head of the Government. I cannot say from whom the plan for the change that has been effected in this particular office emanated, but it was adopted by the present Government, and carried out at once. Formerly the support of the Stamps and Printing Office entailed a heavy expense, comparatively speaking; there were two clerks paid, two rooms paid for, and a watchman, &c.; now all the business in that department is done in the Government Printing Office in a single room by a single individual, at a saving, as I said before, of £915. In the Survey Office we have effected a saving of £3,200; in the Audit Office, £260; and in the Shipping Master's Office, £500. This latter saving I hope to effect by an arrangement which will be laid before the House shortly, and which I hope will meet with its concurrence. I allude to the amalgamation of the duties of the Shipping Master's Office and those of the Water Police Office. I may remark, in passing, that the hon. Member for Monaro (Mr. Egan) made a great complaint the other evening with regard to the proposed amalgamation of these two offices, assuming that the change was proposed merely for the purpose of promoting some parties, and that those replaced would consequently be pensioned on the country. This was a hasty assumption, and one which would be found totally at variance with facts that would subsequently appear. I do not like the principle upon which charges of this kind are made —that of hanging a man first and trying him afterwards. Had the hon. Member waited till he had seen the project of the Government developed, he would have seen that the change proposed would effect a saving to the country of £500, and that they were not going to give pensions. In the Registrar General's Office we will effect a saving of £400; in the Sydney Police Department £300; in the Government establishment at Port Curtis £500, making a saving in those three departments of £1,200. The various sums added together show a saving to the country of £23,700. Now, I will ask honorable Members and the country to give us credit for acting economically; for, from these statements, it must be clear that we have not been blind to the principles of political economy in making up the Estimates for the year. I will now proceed to matters requiring large sums, and I will call the attention of the House to the fact that the sums I will now enumerate are for the purpose of carrying out gigantic undertakings, and for carrying out measures of vital importance to the whole country. These are improvements of internal communication, as regarded the public roads of the interior, the education of the people, and the establishment of municipal institutions in various parts of the country. We are estimating £20,000 more for the repairs of the roads than was asked for last year; £35,000 endowments for the establishment of municipal institutions, by means of which the people of important districts in the interior would have confided to them the entire management of their own affairs. We propose £50,000 for advancing the important cause of education—being £12,650 more than was voted last year for the same purpose. These various increases amount to £67,650, apparently a very large sum

indeed; but when it is remembered that it is to be devoted to great and progressive objects, the House and the public, I am sure, will gladly bear it, as the country can afford it, especially when it is seen that the Government is cutting down expensive establishments that hitherto existed, and which cost the country so much. Again, it must be remembered that the cost of postal communication had enormously increased; but this extraordinary increase in the expenditure was undertaken for the public good. And, again, I say we deserve credit when I inform the House and the country that we propose to borrow £61,000 less for public works than was proposed for the same purpose in 1857, and which loans were then asked for. Having said so much on the subject of economy and saving on the Estimates, I will now refer to the subject of Ways and Means. There have been great and important improvements effected in the expenditure of the public money—improvements of vast public importance. I may here say that I again claim credit for the improvements effected in the various departments of the Government under me, improvements which will develop themselves by-and-by. A great deal of acrimonious feeling has been allowed to characterise the debates in the House lately; but I hope, after all, that the Government will receive some of that credit due to it in justice for the Ministerial improvements in many of the departments, as well as for the system of economy that has been carried out. Among other improvements, I may particularly invite attention to the changes made in the Department of Finance and Trade, which will develop themselves and prove beneficial if the River Murray Bill, which I have introduced to the House this evening, becomes law. The Bill to which I allude was much called for, and when it had passed the House it would effect a very beneficial change as regarded the revenue of the country, and prevent that system of smuggling which is now too frequently practised on the frontier of the two colonies. I saw a few days ago a notice in one of the papers—and, though I do not attach much credit to these reports, yet I must say that they are at times worthy the attention of public men—that twenty-five tons of tobacco were lately landed at Cuppa, on the southern bank of the River Murray, on which not one farthing of duty had ever been paid. I do not believe the statement in its full extent; but, although if only partially true, there was sufficient to show the necessity which existed for a most watchful and diligent searching for of dutiable goods passing on that great highway of the south. This was a subject of vital importance, especially when it was considered that we had a colony near us—on our frontier almost—I am sorry to say, hostile in their financial legislation to us. The Murray is our largest river, up which boats of light draught of water can be brought far into the interior; and it is most important that such a Bill as I propose should be passed to protect our Customs duties. A great change was required with regard to this opening branch of Customs. South Australia is prepared to charge a rate upon the entry of goods, and this would tend to increase the revenue in that direction. I hope, from the steps proposed to be taken in this matter, that the Government will have that credit which is due to it on account of its watchfulness over the interests of the country in this respect; and before I sit down I hope I shall convince honorable Members that we have observed the great principle and the true object of economy so necessary to carry out in a new and rising country like this; that we have not overworked the screw, nor confined ourselves to miserable cheese-paring; but, on the contrary, that we have directed our attention to the true principles of economy, while, at the same time, we have not acted niggardly, in endeavouring to meet the legitimate and progressive systems of improvement. We have advanced the means of rendering postal communication quick and frequent; we have done all that was in our power to increase the means of internal communication from one end of the country to the other; the cause of education has received our deepest attention; and we have perfected a Bill by which municipal institutions will ere long be established throughout the country, so that the people living at a distance from the metropolis shall have the entire control of their own affairs. Before I make some remarks upon the general subject which is of so much interest to myself, and which I am sure is of great interest to the country, I will take up the second part of the subject, and go to the consideration of the Ways and Means; and, no doubt, this is a subject that will be looked to with interest by the country at large, as I have devoted

much attention to the preparation of the statement of the Ways and Means. Having detailed to the House our expectations it will be necessary for me to develop our policy, and to justify that policy and explain it in detail. The Ways and Means of 1857 were laid on the table of the House something in the style they were laid on the table of the House in by-gone times, namely, as a document sent down by the Governor-General. Now that is not the Parliamentary practice. I think the statement of the Ways and Means ought to be in the budget of the Government, and should be taken from the speech of the Finance Minister, instead of being sent down in the shape of a document to be laid on the table of the House. I do not think it ought to be one of those documents which in former times emanated from his Excellency the Governor-General, and was brought down in the shape of a message. In stating what are the finances of the country, it is my duty also to state what are the imposts we intend to levy on the country: The revenue to be derived from the Customs for this year I have estimated at £515,000. Last year's was estimated at £550,000. I will give two reasons why I take this small amount. In the first place the price of dutiable articles, particularly spirits, was so much increased on account of the failure of the crops in France, that it will naturally have an effect on the revenue of the Customs of 1858. Again, the drawbacks I have put down at £20,000, but I do not think they will be as much as that; and I anticipate that the result will be that the amount of Customs revenue will be something like £520,000. The duty on spirits distilled in the colony I estimate at £70,000. Now, before I go any further, I will disclose one portion of our intended imposts. And although it affects the Customs' tariff, it affects only one article, and the necessity for taxing this article has only arisen since the Governor-General's speech. The Government proposes to put a tax on opium. I shall conclude my speech by moving that the House agree to this resolution to-night, in order that my remarks may not go forth to the world before the duty is declared, so that nobody will be able to benefit by this knowledge. The Government of Victoria has put a tax on opium, and has urged on us not to receive any from South Australia which had not paid the duty. There is no moral obligation on the part of the Government to prevent the Chinese from eating opium; it is not made a necessity, but I think it will be but right to fall in with the views of the sister colony, and put a duty on at once, so that of course any opium being sent across the boundaries will be subjected to duty. 10s. a pound is the amount of duty proposed, and I confess I think it ought to have been 1s. an ounce, or 16s. per lb., the same as in Victoria, as an assimilation of tariffs is of some importance. The duty on gold is estimated at £15,000, a little less than last year. Miners' rights and business licenses, £10,000. Fees for escort and conveyance of gold are put down at £1,000, about £3,500 less than last year. The Mint receipts are put down at £8,000, although my gallant friend at the head of that department thinks it will be increased, owing to the gold that is being sent from Victoria for coinage, but I confess I am not sanguine on that point and think there will not be much difference between the revenue for 1858 and the present year. Now I come to an item in which the policy of the Government is concerned, and it may be expected that I should go into the land question, but I do not think it necessary for me to enter into details this evening. I have put the proceeds of land sales down at £210,000, that is nearly the same amount as was realized in 1857, because I do not calculate on any extreme demand during next year. I shall have to explain the next item, because I have put down the large sum of £248,000 for the rent of lands. I do not, however, as I said before, intend to go into details of the land measure, because it will be explained by my hon. colleague, Mr. Hay, when he brings in the Land Bill. I will only, therefore, take a business view of it, and say that I am convinced of its fairness and equity. We propose to consolidate the laws relating to the waste lands (that is, the £10 for the rent of land for 4,000 sheep, charged under the orders of Council, and one half-penny per head for sheep and horses under the Assessment Act) in a just manner, and without striking at the interest of those who hold them with perfect good faith in the Crown. Our proposal, we believe, will meet with the approbation of the country on account of its fairness, for we propose to levy a sum, at a certain rate, on sheep, cattle, and horses—and because it will settle their tenure of these lands. I say we propose to raise a

rate more equitable, if not more reasonable, both with a view to the interests of the squatters themselves, and the exigencies of the country. I am aware it may be considered unpopular by those who will have to pay it, but I think when the first burst will have passed over it will have the support of all hon. Members present. The exposition of his hon. colleague, and the discussion that will arise on the land question, will show how far the present Ministry deserve to be taunted with having the squatting interest with us, because the tax would fall on them. We propose to levy a rate of 3d. per head on sheep, and 1s. 6d. per head on horses and cattle per annum. It appears from the calculation I have made,—and I have based my calculation on the minimum, making no allowance for the increase of last year,—that there are, 5,227,773 sheep in the colony, which is one million less than last year's return. I have made this allowance, owing to the bad weather and the quantity sent to Victoria. The probable revenue will be £65,347. There are 1,417,627 head of cattle, which would bring in £116,322, and 48,993 head of horses, will give us £36,744. These sums added together give over £218,000. The further portion of the Government scheme will be fully developed when the Land Bill is discussed. The sections of land which are let in the intermediate districts for a certain sum, namely £1 per section, will be doubled—that is those sections where the grass is good—the rate will be £2 per section. The other sections will remain at the same rent. This would give the Government above £30,000, and would make, together with the sum I have named, £248,000 as the income for rents of land for the year 1858. I will not go into this subject more deeply. I have given in a few words some of the reasons which have attracted the attention of the Government, and they must have further consideration when the question of the land policy is considered. I think that the country gentlemen and squatters who occupy the waste lands (and I occupy them myself, to a great extent), even those who occupy them on favourable terms, will, when they consider the subject fully, fall in with the Government in acknowledging the justness and fairness of the proposed scheme. The quit rents, redemption of quit rents, and survey of runs, &c., I estimate at £800. The rents, exclusive of land, I put down at £10,600. The licenses are estimated at £60,000, and I do not think a larger sum will be realized. For postage £36,000 is put down; fines and forfeitures, £8,000; fees of office, £30,000; sale of Government property, £1,000; reimbursements in aid of expenses incurred by Government, £10,000; miscellaneous receipts, £5,000; and immigration remittances, £25,000. I do not think this sum is too large for immigration, and I would at the same time draw attention to the improved regulations which have been laid on the table by the hon. Colonial Secretary. Now this gave us, for Ways and Means, £1,243,400, and £393,900 to be raised by loan. It will be seen that we propose the enormous increase of £67,000 for education, roads, and municipalities. Without reference, therefore, to the squatting question, we shall derive great benefit from the progressive policy which we have recommended in our increased expenditure. Now, in the scale of taxation which has been prepared, after making due allowance for the cost of collection, there will be found no addition to the duties now imposed on imported articles, except opium. As I have said before, the principle of *ad valorem* duties has been eschewed by this House. The revenues from the Customs will probably be decreased in consequence of the very high price of spirits. But I hope the establishment of municipalities in the interior will be the means of relieving the revenue of a large burden of local expenditure. The amount, too, which will be derived from the proposed assessment on stock will be large. Some honorable Members on the cross-benches seem to be restless and excited in respect to the course we intend to take in respect to taxing land and stock, but it is important they should hear what that course is, and I hope they will give me their attention. I have now gone through the details of the accounts of the year in respect to Ways and Means. It is not my wish to detain this House one moment longer than is absolutely necessary by statements of my own. But I shall now produce some details which I have caused to be printed, and which I think it is highly necessary the House should have before it in the consideration of the finances of the country. The first of these documents shows the balances in the Treasury, and the distribution of these balances on the 31st December, 1856; the total balance then

was £275,567 2s. 5d. The next shows the balances in the Treasury on the 30th June, 1857, and their distribution; the balance on that date was £321,141 11s. 9d. The next statement is that of the balances in the Treasury on the 18th August, 1857—for I have had these balances made up to the last moment,—on which day they amounted to £356,222. The next is the balance sheet showing the actual deficit of revenue on the 31st December, 1856, being £120,343 14s. 8d., and the estimated deficit on the 31st December, 1857, being £124,650 3s. 1d., or a reduction in the amount of the deficit of £26,973 1s. 4d. The next is the balance sheet of the Loans account, showing the balance on the 30th of June, 1857, to have been £101,220 17s. 3d. The next is the Lodgment account, from January to December, 1856, showing a balance on 31st December of £100,440 1s. 9d. The next is a similar account, from January to June, 1857, the balance being then £143,915 3s. 4d. The next was the balance sheet of the Consolidated Revenue, from January to December, 1856, showing the consolidated balance to have been £74,957 6s. 11d., and the Loans balance, £94,567 12s. 6d., or a total of £169,524 19s. 5d. The next is a similar statement for the period January to June, 1857, the balance, 30th June, being £45,976 17s. 6d. These papers will, I think, facilitate the discussion of the financial arrangements. I wish further to draw the attention of the House to the subject of the Exchequer balances. By leaving large balances in the Bank, on which an agreement has been made that 4 per cent. interest should be allowed, an addition to the revenue has been made of some £3,400. Perhaps some credit is due to the honorable Member for Sydney (Mr. Cowper) for having first carried out this arrangement, but he was indebted to the honorable Member for the Stanley Boroughs when he was Colonial Treasurer, for the suggestion. His suggestion was acted on by Mr. Cowper when he succeeded to office. I find that from the 1st of January to the 30th June, 1857, these balances have sometimes been as high as £208,000, but the general average did not range higher than from £75,000 to £100,000. The arrangement with the Joint Stock Bank was that 4 per cent. interest should be allowed on the balances in the Bank up to a sum not exceeding £200,000. It was now suggested by the Bank that the average amount on which interest should be paid should be reduced to £100,000; and I do not think this is unreasonable. Besides, I think it is very easy to make arrangements with the Banks which will save the country an amount fully equal to the extra amount of interest that has been obtained, as for instance, making the Banks do the business of the Government in the matter of the funded debt of the colony, in the same way as the Bank of England does the business of the Imperial Government. The Banks here would pay the coupons attached to the debentures, and thus a large amount of trouble will be saved to the Government. I propose, therefore, that, in consideration of the Bank performing these duties, the amount of the balances deposited by the Government, on which interest is now payable, shall be reduced. Another relief to the necessity of borrowing money by the Government has been the deposit in the Bank of the various moneys in the Supreme Court and other offices for the use of the Government. These moneys now amount to a sum of nearly £75,000, as will be seen by the Lodgment account I have laid upon the table. The result, then, of the measure of last year, which ordered these moneys to be paid into the public treasury, has been the saving to the public of a sum of £2,800. I shall not, Sir, encumber my statement with more figures than I can possibly avoid, as I do not wish to weary the House. The figures I have already made use of show that the financial measures adopted by the Government have been successful. It is, however, a matter of satisfaction to me to think how much the Governor-General is justified in the language used in the paragraph of his opening speech, in which he says that the commercial and monetary state of the colony is sound and satisfactory; and if anything can prove this more than another, and show us that we have fallen upon happy times for the financial benefit of the colony, it is the wonderful position that our Banking institutions have arrived at. I do not by this mean to say that the foreign Banks—and by foreign Banks I would be understood to mean Banks established from capital drawn from beyond our boundaries—have not taken advantage of their position to use the capital of the colonists deposited with them to transact their business and to save the capital of their English shareholders;

nor do I mean to say that the Colonial Banks have not to some extent followed in their steps in this respect, or that they have acted more favourably; but what I would wish distinctly to enunciate is, that these institutions are both sound and satisfactory; and, what is more, that they will bear comparison most admirably with similar institutions in the neighbouring colony of Victoria. If the House wants any argument to convince it of this, one fact can be stated that is worth a thousand arguments, and it is this: that the powerful and wealthy Government of Victoria—wealthy in proportion to us, for where we receive £10,000 of revenue they receive £30,000, and where we reckon our expenditure by hundreds of thousands, they reckon theirs by millions—this powerful colony came into the Colonial money market with their debentures bearing 6½ per cent. interest, and they were sold at 103; whilst we, with our debentures bearing only 5 per cent. interest, have sold at 98. Now, an instrument bearing 5 per cent., being worth par, a similar instrument bearing 6½ per cent. would be worth 130. Instead of this, however, whilst our securities are selling at 98, theirs only realize 103. We have a right, then, to say that our securities are worth 6 per cent. more in the money market than are those of our neighbours. When I speak of the money market, however, I mean the market of the colony, or the sale amongst ourselves. Another thing that is most satisfactory in this colony is, that, whilst we can readily get 7 per cent. for our money on mortgage, and some persons even get as much as 8 per cent., our securities were sold at what amounted to no more than £5 3s. per cent. This is the object upon which I would most congratulate the House; and if I had not been so exhausted from physical sufferings, it was my intention to have gone into a number of statistical tables, comparing the state and position of the Banks and of the commerce of Victoria with those of this country; this, however, I may do at some future time. I, at the same time, deprecate the practice of vaunting the capabilities or advantages of one country over another; I wish to create no jealousy, to beget no enmity between them. On the contrary, I would rather wish to see them, like two sisters, going hand in hand together on the same road to advancement; and I hope that by the Bill laid upon the table this night, for the collection of Customs' duties on the Murray, a link of the chain has been forged that is to draw us together in the closest bonds of amity and mutual support. In all our relations with that colony, I hope the same feelings will exist, and that we shall wish as well to each other, and try to do for each other, as much as I and the Treasurer for Victoria (Mr. Ebden) would do. In early youth I was a schoolfellow of that gentleman, and many a time he and I struggled for the mastery, and fought many a pitched battle in consequence. Now we are holding parallel offices in neighbouring and, I may say, sister colonies, and I hope and trust that our friendship and long connection may be the type of good feeling that will always be found to exist between the two countries, which are one in their interests and mutual concernments, and should be one in friendship and amity. Thus, then, it is not in exultation that I draw this parallel between the two countries, not to glory over their weakness, but to place before this House stern stubborn facts, which, like milestones, may guide us on our way, and which, being pointed out, may not only improve ourselves, but be of benefit to our neighbours. Though the people of Victoria have this enormous traffic, though they raise amongst them this great revenue, their commercial and monetary institutions are not more stable than ours. On the contrary, the fixed capital applicable for investment is much larger in this country than in Victoria, and the reason for this will be patent to any one who knows the difference between the two countries. The population there is much more fluctuating than what it is here; besides that, that country is newer, the people having no ties to bind them to it, but seeking only to make a fortune and to go away from it; whereas here, the population is settled—fixed to the soil. Here our people have families born in the land, and growing up to dignify and adorn it, and an attachment has been begotten that cannot exist in a mere country of yesterday. Here, our citizens have their children and their properties around them, whilst their savings have been invested in the Government securities, thereby making them better citizens and more peaceful men. We shall never have amongst us the same disturbances that have convulsed our neighbours—either on our diggings or elsewhere. The contrast between our people and those of Victoria is enormously in our favour.

Our capital is large, our business steadily progressing, and we show all the advantages of good government amongst us. In saying this, I do so with no feeling of vain boasting, but with the hope that, having the example before them, the people of Victoria may strive to emulate it. I, and all those who listen to me, must be anxious that this should be the case, because it is evident that no revolution, no social convulsion, can occur there but it must to some extent shake, perhaps damage, us. Our only desire then should, as it would he hoped, always be, to go hand in hand together, advocating and guided by principles of a sound commercial policy and of social legislation. I have said this much on the sunny side of the picture, but I cannot close these remarks without a few words upon the less gratifying prospect that may, perhaps, open upon us. It is not wise to look solely to the bright side of the question, but we must like men face the storm when it threatens in order to avert the evil it may entail. I feel it my duty, then, to mention these matters, to warn hon. Members and the country of what may occur, so that when I am succeeded in my office by perhaps a better financier than myself, though certainly not by one more willing to render service to the country, he may not be without warning of what is before, and may be able to view both sides of the picture. So long as the tightness in the English money market exists, so long as the course of trade feels the impulse of the war so recently concluded, so long will money be worth more in England than it is here, and so long will the capitalists of England and of Europe not be customers for our debentures. On the contrary, there is now a large amount of capital here, for which investments are sought for in England. So long as this is the case it will be impossible for us to borrow money to go forward with the improvements that the advanced state of the country imperatively demands at our hands, on such favourable terms as we have done. This is the rock that I see a-head, and of which it will be as well to beware in time. Unless, then, we are driven by the force of circumstances to modify our arrangements, the Government proposes to issue no more terminable annuities. As careful men they are bound to look at the demands that may from time to time come against them, and that may come, too, at the very moment when they are least prepared to meet them; at a time when, from monetary depression, funds will be hard to raise; and in such a case how are our liabilities to be met? Debentures must be met when due at any cost, and I prefer to look to a funded debt, rather than to the issue of terminable debentures, which issued at a loss will, in their turn, come upon us perhaps at another moment of monetary collapse. (Hear, hear, from Mr. Gordon.) The hon. Member who cries "Hear, hear," is I know very much of my opinion with regard to these terminable debentures, but let him rest easy under the assurance that so long as I have the financial management of this colony I will never go into the money market of Europe to have the scrip of this colony disposed of at a sacrifice, lowered in value, and hawked about like an assignat of the old French Revolution. I will never consent to sell our paper unless upon terms that will benefit the country. At the same time we may be sure that we shall not, for some time to come, be able to borrow money on the same terms that we have done hitherto. As the debentures full due they must be taken up. Renewing them is a method the most costly, most uncertain, and most dangerous that can be conceived; because, as I have said, when called upon to meet them we may not be prepared to do so. Some of these, to a very large amount, will have to be met this year, and the time of their falling due is one to which I look with some apprehension. This will always be the case year after year until we have the whole public debt of the colony funded, and the mind of the financial head of the Government, whoever that may be, set at rest, at all events upon the subject of meeting claims coming year after year upon him. I lay down these opinions not dogmatically or with a desire of obtruding them upon hon. Members, but merely to put them forward as a caution for hon. Members of that House who will have to deal with this important and interesting subject. Another question that the House is called upon to deal with, and to which I would draw attention as one of danger, is that of the Australian Federation. As it was, great damage had been already done by the thoughtless proceedings of South Australia. I hope, however, that eventually that Government will fall into our views, and that they will consent to an assimilation of their tariff with that of

this colony and of Victoria. If they assist us, as they easily can do, then the River Murray might readily be made the great channel of communication between the three countries; but as they have hitherto differed from us, and have seemed determined to take the more narrow and selfish view of the case—the one the least statesmanlike that could be conceived—it makes me have some fear on this subject. Now, before I conclude, I must thank the House for the patient manner in which they have borne with my very shameless attack upon their time, and promise to be very brief in the few additional remarks I have to make. I would now merely call upon hon. Members as a matter of policy to aid the Government in closing the financial year at a certain period, as it will be utterly impossible that any Government—and I speak for Governments that are to follow this, as well as for the present administration—can meet the demands upon it if the finances are to be opened at every period of the session. Whatever demands hon. Members may have upon the funds of the colony, let them at all events be made at as early a period as possible; and whatever the claims may be let them be abandoned when once the Budget is opened, and the Ministerial financial policy is before the country. The House as a general rule—and when I am on the other side of the House, as some day I must be, I shall take care to follow this rule—ought never to grant more on the Estimates of the year than Ministers have demanded. No doubt when a saving of £50,000 has been made on the Estimates, claims to that amount may be recognized. Ministers having agreed to find the amount there is no reason why it should not be spent. But the sum placed on the Estimates ought never to be exceeded. If this rule is not followed—and I hold it out as a caution to the House and to the country—there will be no remedy in the hands of Ministers, but in increased taxation. Now the principles of taxation I have laid down are sound, and based upon correct calculations, arrived at after much thought and consideration. I will lay before the House a system of legislation in this respect which will bear the closest examination. It cannot be said that the country was too heavily taxed, but still it is taxed quite heavily enough, and the House will bear in mind that if it should desire to entail fresh expenditure the Government will have to meet it with a fresh tax upon the country. The Government does not propose anything of the kind, and from the statements I have made it may be seen that they can go on very well with the Estimates shadowed forth. I would remind the House that while in older countries the people are overtaxed, as they were in Great Britain, they had different sources of revenue; there was a property-tax, a poll-tax, a window-tax, a bread-tax, a tax upon almost everything; but here this could not be the case, nor was it necessary. Whatever we save from the revenue will relieve taxation; and in a new country like this, when the demand is great, it must be met by fresh taxation. It would be better in such a country as this, for the sake of economy, for the Government to be poor and needy than to have an overflowing exchequer, as it would be sure to spend all its surplus funds. I would not complain of a Government levying a tax when it was needed, to carry out a necessary and proper object. Nor would I object to see money expended upon important improvements; but I would object to people in power whose policy of finance would result in getting the country into debt. It will be a great boon to the people of the interior when they get municipal institutions established, because they will be able to manage their own affairs. Then indeed, those demands for improvement, so often made in vain to the central Government, the people themselves will have the power to carry out. It will be a great step in advance to see such institutions break down those centralising influences which now exist. These institutions would not only advance the general interest of all but improve the social status of the people. These great beneficial changes the present Government is certainly prepared to carry out. I will now say a few words with reference to the £10 debentures. The Government has taken great trouble to distribute these debentures amongst the industrious classes which have been sold to the amount of some £4,000 or £6,000. Arrangements have been made to distribute them in every part of the interior. Every means will be taken to guard against any possibility of loss to which it might be supposed the documents were liable in their transit to and from the interior. The Government, I may say, does not

wish to force the people, nor does it wish that the people should suppose that they desire to force them to enter upon these investments, if they do not themselves see the advantage of the investment. This document which I now lay on the table, is a £10 debenture, and is in every respect similar to a debenture for any larger sum; and I hope that when the system is known it will become popular, and be extensively taken advantage of, and thereby prove its usefulness. I could dwell much longer upon this subject, but time does not permit; and I must even now thank the House for the indulgence which it has extended to me in listening so long and so patiently to my address. I might here, in conclusion, appropriately use the quotation used on a somewhat similar occasion by Mr. Gladstone in 1853—

"Immensum spatiis confecimus æquor
Et jam tempus equum fumantia solvere colla."

I hope that whatever may be the opinion of the House as to other portions of our policy, that it will do us the justice to admit that in our financial policy we have been actuated by a sincere desire to economize the public money. Speeches have been made at public meetings, and rambling addresses made by parties here and there throughout the country, respecting the policy of the Government, in which we have not only been twitted as being the representatives of wealth, but the possessors also of large tracts of territory, for which we paid a very small consideration. Sir, I hope that honorable Members will wait to see whether we have not endeavoured to distribute the burdens of the country fairly, and to disburse the public money justly. If we are the representatives of wealth we have not failed to show that we are prepared to tax ourselves, to show that we have adopted an equitable system of taxation; that we intend to expend the public money in carrying out works of great national importance; and that we have not selfishly attempted to save ourselves from cost, or to benefit ourselves in any way at the expense of any portion of our fellow colonists.

THE HONORABLE RICHARD JONES.

NEW SOUTH WALES.

The Financial Statement of the Honorable Richard Jones, made 4th November, 1857.

[*From the Sydney Morning Herald of 5th November*, 1857.]

LEGISLATIVE ASSEMBLY.

Wednesday, 4 *November*, 1857.

FINANCIAL STATEMENT.

Mr. JONES in moving—"That, towards making good the supply granted to Her Majesty, for the Supplementary Service of the year 1857, the sum of £49,894 17s. 2d. be granted out of the Consolidated Revenue Fund of New South Wales," said, Mr. Chairman, this amount being already sanctioned by the House, in making this motion I take the earliest opportunity of laying before the Committee a series of returns which will make clear the statement I am now about to make, showing what the financial position of the country really is, what are the intentions of the Government for providing the Ways and Means for the year, and what appropriations they intend to ask for out of the revenue of the ensuing year. In making this statement I am aware that I shall have to trespass at considerable length on the indulgence of the House, because, however brief I may endeavour to be, yet the many topics that are embraced in this subject must necessarily take up a great deal of time, even though they be but lightly touched. Again, in undertaking this task I must necessarily labour under great disadvantages in the eyes of the House, when compared with my predecessor in office. The subject is avowedly a dry one, and it is not in my power, as it was in his, to relieve it of its dreariness. I have not the facility of language or the power of embellishment possessed by that hon. gentleman, and which he knows so well how to use to take from the dry character of a debate. Feeling that I can never hope to imitate my hon. predecessor, I shall solely endeavour, in performing the duty before me, to lay before the House a plain and simple statement of the financial position of the country, so as, by the aid of the documents now in the hands of hon. Members to exhibit to the House in as clear a form as possible the views that I myself entertain. Perhaps it may be convenient, before I proceed to deal with the question at large, that I should explain to the House the position in which we now actually stand, on a comparison of revenue with expenditure for the current year. It may be remembered that my predecessor in office made a financial statement some short time back, in which he showed the actual state of the revenue to the end of July, the estimated revenue to the end of December, and what was expected to be the deficit at the end of the present year. I have also followed this plan in the papers now laid upon the table, and on a reference to them I find that up to the 30th September, 1857, the amount of revenue actually collected is £886,418 8s. 2d.; and I have estimated that the revenue to be received during the last three months will amount to £259,920, making the total for the year £1,146,338 8s. 2d. If hon. Members will turn to the statements on the table, which my hon. predecessor used, they will find that the amount of revenue actually received up to the end of July was £641,521, whilst the amount estimated to the end of the year was £480,870; or a total revenue for the year of £1,122,391. The expenditure that my predecessor proposed to provide for out of this revenue amounted, reckoning the deficit, to £1,247,042. Now it will be seen by a comparison of these two docu-

ments that I have estimated the revenue of the current year at about £24,000 beyond what my predecessor has done. The increase which this statement shows arises partly from an increase in the revenue actually received up to the end of September, and partly from my having anticipated receiving a larger amount of revenue during the last months of the year than my predecessor has done. This increased revenue arises from an actual excess of receipts and from more favourable anticipations on my part; and I believe I may say that I have gone carefully through the Estimates and that I firmly expect that my anticipations will be fully realized. There is also included in my Estimate a sum that I expect to receive for interest on the City debt up to the end of the present year, amounting to £8,000, a sum not taken into account by my predecessor. In the debtor account, laid on the table by me, there is beyond that brought forward by the late Ministry, a further sum of £30,703 additional Supplementary Estimates for 1857, already partly disposed of by the House. A very considerable portion of this Estimate is made up of sums for public works, and for the fitting out of an expedition in search of Leichhardt. A large sum has also been demanded for the department of the Administration of Justice, and I am quite sure, therefore, that the expenditure for the year is in every respect such as the House can with consistency sanction. I will now proceed to deal with the Ways and Means of 1858. The returns which bear on this point are Nos. 2 and 8 in the documents now before the House, and the detailed statements appended thereto. It will be seen on a perusal and comparison of these returns with those furnished by my predecessor, that I anticipate a nominal increase of £104,000 over and above the amount estimated by my predecessor as the revenue for 1858. This amount is made up in the following manner:—In the Customs I have an increase of £20,000; in the gold revenue, of £5,500; in the Mint receipts, of £3,000; in rents and tolls, of £6,000; in licenses, of £4,700; in railway tolls, of £62,000; and in City interest, of £20,000; making with a few others a gross total of £122,000. But from this there has to be deducted the sum of £18,000, being the deficit on revenue from land, which will be less by that amount than that anticipated by the former Ministry. Deducting this from the gross total we have the net total of £104,000, before named by me to the House, as the nominal increase of revenue that I anticipate beyond that estimated by my predecessor. Perhaps it would be as well that I should explain to the House why it is that I anticipate this increase of revenue. With regard to the four first items, the result has been arrived at by a careful revisal of the estimates by the present Ministry, after a consultation with the heads of the different departments; and I have every reason to believe that the larger estimates will be found to be fully justified by the results. The increase from tolls and rents will be owing to the change that the Government intend to make in the main roads of the Colony. We propose to take upon ourselves the care and maintenance of these roads, and in taking upon ourselves the expense we shall also take over the sums derivable from the tolls now established on those lines. The amount thus receivable will reach, as nearly as I can arrive at it, somewhere about £6,000. The sum set down as income from railways is the gross revenue of the Railway Department. The late Ministry, in framing their Estimates, instead of taking credit for the whole receipts of the department, took credit only for the net amount of receipts after allowing for the current expenses. The increase of £62,000 is therefore a nominal one, being a matter of account only, since we, in taking credit for the gross receipts, have charged on the other side the total amount of the expenditure of the department. I also take credit for the sum of £20,000, being the interest on City Debentures; and the House will see that I have estimated that the sum of £140,000 will be required next year to pay the interest on the public debt of the Colony, and in this is included the city debt, the interest on which we are entitled to take credit for, as it will have to be refunded by the corporation. It will also be observed that our estimate of the land revenue is not so much by £18,000 as that which the late Ministry expected to raise. This arises from the fact that our predecessors expected to raise a larger amount from assessment and leases than the present Administration intend to charge. The amount that we expect to receive for

the assessment on stock is about £30,000; but whilst we do not expect so much under this head, we anticipate receiving more from the sale of land than did our predecessors in office. At the same time we do not anticipate that the change we propose making in the upset price of land will lead to any very great or remarkable augmentation of the land fund. We do not look forward to any of the consequences that have been alluded to both in this House and out of doors, that anything like a land mania will be produced by the lower price, or that there will be even any considerable augmentation thereby of the demand for land. Hon. Members who have been in the habit of paying attention to the land question for the last four or five years, and examining with any degree of care the returns that have been published, will see how the land revenue has been derived. The great bulk of the land revenue has been derived from town and suburban allotments, and from land which may justly be called agricultural. The amount derived from the sale of land for pastoral purposes has been small. The Government do not expect that the scale they propose will affect the sale of the three first classes, of land, namely, town, suburban, and agricultural; and although they propose to reduce very much the price of land for pastoral purposes, they do not believe that the reduction will lead to any sudden or large increase in the land revenue. They contemplate the effect will be, in consequence of this change, gradual, and should Parliament sanction it, it will be one of a progressive character. When people know that land for pastoral purposes can be obtained now and hereafter at 5s. per acre, there will be no inducement for people to rush into the market and invest all their means in buying up land, when the area for sale may be said to be unlimited. There can be no particular reason for speculators to embarrass themselves by running up the price of land, because they must know that when they have exhausted their money there will still be the same class of land for other purchasers. We therefore do not expect any great increase in the land revenue to arise from this change in the price of land, but we believe that the effect will be one of a gradual and progressive character. It will be bought by people who wish to increase the quantity of land they possess already, and not with a view of embarrassing themselves by the purchase of these lands. It will also be observed that the Government have based their Estimates of Ways and Means and Expenditure on the presumption that the House will give its sanction to the changes proposed to be made in the law relative to the lands of the colony. If that is not done there will be a sum of £90,000 or £100,000 which the House will have to provide for in another way, because the amount to be derived from the rents and assessments is calculated to reach £80,000 or £90,000. This change the Government estimate will produce £80,000 or £90,000; therefore, if the House refuse to sanction the change in the law, or the increase in the assessment now levied, it will either have to diminish the expenditure the Government intended to make, or let the Government meet the expenditure by some other source—that is, of course, for the House to determine. It is on this that the Estimates have been based, and if there is a diminution of the amount then we must either reduce the expenditure or derive revenue from other sources. If hon. Members will refer to statement No. 2 they will see that the estimated expenditure for the year 1858 amounts to £1,299,187 16s. 10d., while that proposed by my predecessor was £1,245,732 4s. 4d., showing an increase of £53,455 12s. 6d. But as this is only the aggregate amount, it is necessary that I should go somewhat into detail to explain how the increase has arisen. The decrease will be in the following items:—Postal conveyance, £5,000; conveyance of the English mails, £4,000; education, £10,000; immigration, £25,000; muncipalities, £35,000; public works, £50,000; minor items, £16,000. This will make a total of £145,000; from this will have to be deducted for loans £50,000, leaving the actual decrease to be accounted for £95,000. I will now proceed to explain the way in which we arrived at these diminished estimates of expenditure. In regard to the conveyance of Colonial mails there is £5,000 diminution, and we are justified in this reduction by the amounts at which the contracts have been taken. The Postmaster General believes that the estimate previously submitted to the House, less this £5,000, will cover all the expenditure for the ensuing year. The same officer has also given the Govern-

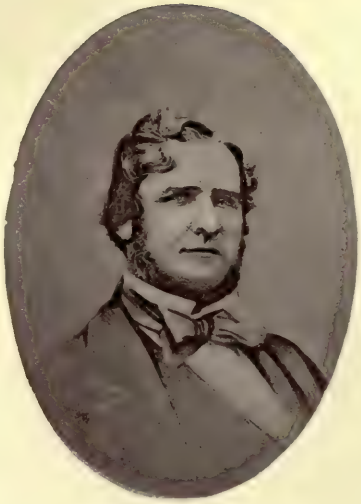
ment the assurance that the proportion of the subsidy to be paid to the European Mail Packet Company will not exceed £24,000. It is estimated, from computation of the number of letters posted and received here with the number at Victoria, that we shall have only to pay £24,000 as our contribution. I have taken the sum of £26,000 to allow for any increase that may occur, and this will be £4,000 less than it was formerly estimated at. The next diminution is £10,000 for educational purposes. The late Government proposed the sum of £20,000 for education, but the present Government, although not unfriendly to education, are not prepared to ask the House to assent to such a large expenditure until they have seriously considered the system under which the money is to be expended. Until that is done they will not ask for such a sum for education. They therefore propose to confine themselves to asking for the increased amount of £3,500 for the Denominational system, so as to place the two systems on an equal footing. The item of £35,000 for municipalities we consider will not be required, because under the Bill submitted by the late Government, and the Bill submitted by the present Government, it is scarcely possible that any municipal body can be organized in sufficient time to come on the Treasury for contributions arising from assessment. The Bill before the House provides that after the petitioners of a certain district desire to be incorporated a period of three months must elapse. After the expiration of that period it will take some time before the elections can be gone into and the machinery completed to get municipal bodies into working order, so that it is impossible they can require any subscriptions during the ensuing year. We therefore think this sum will not be required. With respect to the sum put down to carry on public works by loan, the present Government, do not, in regard to some of the services, contemplate expending anything. The principal item which the late Government proposed to be expended by loan was the extension of the Parramatta Lunatic Asylum. The present Government are not satisfied with the extension, or that it would be very useful if undertaken; they therefore do not propose to ask the House to sanction so large a sum in extending this property. That will save £30,000; but in lieu of this sum for the Parramatta Lunatic Asylum they have submitted an item of £1,000 for the asylum at Tarban Creek, which with the extension that has already been secured by the alteration of the Lunatic Asylum at Parramatta will provide all the additional accommodation required. They desire, before putting the Colony to this large expenditure, to have full opportunity of carefully considering the proposed plan. The next item which we propose to remove from the Estimates is the sum of £10,000 for the erection of the bridge over the Murray. The Government, in making inquiry into this item, directed a surveyor to prepare a plan and estimate of the cost of this bridge, but as he has not yet sent in any report on the subject we are unwilling to ask the House for this amount until, at the same time, we are in a position to lay before the House some reliable information as to the probable cost of the work to be undertaken. While we have left this item out of the Estimates submitted to the House we are quite prepared, in the event of receiving the report, to place on the Additional Estimate, which will have to be prepared, any reasonable amount that this work may cost, and which can be defrayed out of the current revenue of the Colony. We are not, however, prepared to ask the House to carry out this work, however important, without reference to the total cost. The determination of whether we will or will not place this sum on the Additional Estimates, will depend, in the first place, whether we receive the report from the surveyor in time to make provision for it in the Additional Estimates, and whether the Estimate is one that we can ask the House to sanction. There is also £10,000 towards clearing the Murray. The present Government does not intend asking the House for so large an expenditure, which, although it would be of great benefit to the Southern Districts, it is not satisfied that it should be paid out of the general revenue. The next works are the Dry Dock at Cockatoo, the Abattoirs at the Glebe, and other works of a minor character, and for which the amounts put down are so trifling that I need not particularize them. With regard to these works the Government intend to proceed with them, but to defray the cost out of the revenue of the Colony. I take this opportunity of stating, with reference to the Estimates, that the present Government has not made any

alteration in the establishments as submitted by its predecessors. It will be found that in no material respect have we differed from the Estimates they placed before the House. There are some trifling changes, perhaps; items are larger in some cases and smaller in others, but there is no material alteration. The Government in coming to this conclusion was influenced by this consideration: we felt unwilling to make any material or radical change in the establishments of the country until we had time to inquire into their working. We felt unwilling to propose changes which might be prejudicial to the Colony until we were satisfied that the expenditure was more than was required for the government of the Colony. What the changes are which we do propose to make in the establishments will be explained when the House comes to deal with them in detail. I will now proceed to point out the items of increase in our expenditure, which are as follows: Towards taking up—I cannot call it payment—the debt incurred towards the liquidation of the deficit known to exist at present, the Government propose to appropriate the sum of £16,000 out of the revenue of the present year. To paying off debentures, £35,000; interest, £10,000; railways, £67,000; making a total altogether of £128,000; minor items, £20,000. These make a total increase of £148,000. Deduct the amount of decrease, and it leaves a net increase of £53,000. It is necessary to explain how the items of increase arose. It appears that when the House gave its sanction to the Loan Act to cover the deficiency, it gave it in the belief that at the close of the year the deficit would amount to £150,000. In doing so the House assumed that the power to raise the loan must be restricted to the actual amount of the deficiency; and, although authority was given to raise £150,000, the Government was not justified in raising that amount if, what proved to be the case, the deficit only amounted to £120,000. It would be seen by statement No. 1 that the actual deficiency amounted in round numbers to £120,000. There was no authority given to the Government to exceed the actual deficit, and they were not justified in raising an amount above that. There was also this understanding at the time, that the payment of the deficit should extend over ten years; assuming therefore, that £150,000 was sufficient to meet the deficit, that amount was each year to be diminished by the sum of £15,000, so that in ten years the whole sum would be taken up. Now I am sorry to say that the late Government does not appear to have kept this stipulation in view, because it did not make any provision for diminishing the deficit during the present year, and moreover I find that it actually increased the deficit by £4,000 or £5,000. Besides it will be observed that the deficit of 1856 is now ascertained to be only £120,343, while the estimated deficit of my predecessor for that year was £124,650, thus showing that, instead of one-tenth of £150,000 being deducted, there is an increase of £4,000. I am sorry to say that I have been unable to make any provision to reduce the deficit for the current year, and that I have also been obliged to go beyond what my predecessor contemplated, having added to the deficit a sum of rather more than £8,000. Instead, therefore, of paying off, as the Legislature intended, one-tenth of the deficit annually, we will actually have increased it at the end of the present year. Now, in order to enable the Government to carry out the spirit under which the House sanctioned the loan of £150,000, I propose that it shall be paid off in nine years. I have therefore provided that during the current year one-ninth of the sum of £128,000 should be taken up, so that next year it would leave the deficit at £112,000. That sum if divided by eight will require £14,000 to be paid yearly to carry out what was originally intended by the Legislature. I have appropriated during the current year the sum of £16,000 to be set aside to diminish the deficit. The next item of increase is £35,000 for paying off debentures. It will be seen that the present Government propose to set apart from the revenue of the ensuing year £35,000 towards diminishing the debt of the Colony. I think, as we will be compelled for some few years to come to make large additions to this debt, for the purpose of carrying out public works which we cannot hope to provide for out of the ordinary revenue, we should jealously guard against every unnecessary increase of it. It is therefore but fair that we should from time to time make provision for diminishing our public debt by a certain amount each year. I think this is

also desirable, as a measure for placing the credit of the Country on a secure footing. Those who have money to lend, both here and at home, when they see this Colony going on year after year increasing their debt, without making any provision for paying it off, will be less inclined to lend than if they saw that we were setting aside a sum yearly for its liquidation. I propose and intend, whether I am one of the Ministry or not, to bring in a Bill to the effect that a sum of £50,000 shall be appropriated annually for the liquidation of our debt. The large amount which is put down for railways is merely a matter of account. Up to this time the expense of working the railway department has not been submitted for the approval of the House. The only amount that has hitherto been thought necessary to submit is the net revenue. The present Government, however, propose that the expenditure of the Railway Department shall, like that of all other departments, be submitted to the House. I can see no reason why this service should be withdrawn from the appropriation of Parliament any more than any other department. The whole of the Railway Deartment will therefore be brought for the first time under the control of the House. The Government, having debited the whole expenditure, takes credit for the entire amount of revenue to be derived from railways. Although these two sums go to swell the nominal amount of income and expenditure the balance will of course remain the same. The lesser items, which make up the increase referred to, do not call for special remark, as the details will shortly come under consideration in Committee of Supply. Although the present Government do not seek a loan for minor purposes, it proposes to raise no less than than £754,300, to cover the expense of railway extensions and surveys, which, with the amounts otherwise to be made available, will construct 70 miles of railway, besides providing the necessary locomotives. This extension will be divided as under: 22 miles from Parramatta to Penrith, 28 miles from Maitland to Singleton, and 20 miles from Campbelltown to Picton. The total expense will be £827,500, including £27,000 for surveys. The cost per mile will average a little under £12,000. Although the Government ask for this large amount at the present time, it is contemplated that the raising of the money shall extend over a period of two years. It is also arranged that on each line the point to be reached shall be one at which the whole traffic of several districts is concentrated, and to which, therefore, the Government will be justified in extending the lines of railway. Whilst the construction of these works is going on it is proposed that provision should be made for carrying on thorough and systematic surveys throughout the country, say from Picton to Albury on the southern side, Penrith to Bathurst on the western, and Singleton to Armidale on the northern. The object of these surveys is to ascertain the real character of the country so as to obtain authentic data for determining the cost of constructing locomotive railways, horse railways, and roads of a less expensive description. In conjunction with these surveys inquiries will be instituted to ascertain beyond doubt the nature and extent of the existing traffic, and of any probable increase, with a view to assisting the Government and the Legislature in determining which will really be the best mode of securing good internal communication, whether by railways of the present class, by tramways of any kind, or by superior macadamised roads. It is supposed that by this means the Government will be enabled to form an estimate as to whether the traffic in particular districts would pay for the construction of a railway, because if it did not it would be worse than useless to incur the expenditure. There can scarcely be any doubt that the present Government is fully justified in carrying locomotive railways to the points now determined on, as it is all but a matter of certainty that up to these points the traffic will be sufficient to meet the expense. I do not think it necessary now to go into an exposition of the present Government's railway policy, as that is a matter which can be more appropriately dealt with when the vote for railways comes under discussion. I may, however, take this opportunity of stating to the House the order of railway extensions already determined upon. As the Western District has hitherto been most neglected, it is proposed to proceed with the Penrith line first, and for a similar reason the Northern line second. I will now allude to the question—how a loan may be raised? The honorable Member who cheers me is doubtless aware of the dark cloud which hangs in the distance. I do not know

what his experience may have been, but I know mine has taught me that a loan cannot be readily raised at the present time. On the present Government assuming office it found that the contracts taken on the works in course of execution would absorb £200,000 by the 31st of December of the current year, and £250,000 by the 30th of June, 1858. This position is rendered extremely unpleasant, from the fact that there is no demand for our securities, either in the Colonial or English market. The £100,000 of interminable debentures remitted home, were, it is generally known, pronounced unsaleable at the limit given, and even without a limit it is considered very doubtful whether they would have sold. Here, the feeling is not so strong against interminable debentures, but nevertheless it can scarcely be said that there is any demand for them, or indeed for securities of any kind. The consequence is that the Government have been obliged to replace the £100,000 with the Oriental Bank at home by terminable securities. In the meantime the Government offered terminable debentures for sale in the Colony, but although there was a larger amount tendered for than required, the prices were such as not to justify us in negotiating—hence the necessity of replacing the £100,000 alluded to by different securities. The present Government thought fit to test the market in regard to terminable debentures, and I am compelled, in all honesty, to say that there was no greater desire to invest here in terminable than there was in interminable debentures. Although these terminable debentures were duly advertised, only £12,000 have been tendered for, and of these only about £1,000 worth have been accepted by the Government on terms it was thought prudent to accept. Some exception had been taken out of doors to the issue, by the present Government, of debentures which would fall due at an earlier date than that for which previous debentures were issued. But I think that these objections have been made without due regard to the facts of the case. When the present Government came into power they found that the interminable debentures were unsaleable. We found, moreover, that under the issue of terminable debentures which had already taken place, £700,000 or £800,000 would fall due about the same time. As I do not think it is prudent to crowd into this enormous debt further liabilities, to become due in the very limited space of one or two years, I have thought it advisable to distribute the debt in such a manner as to make the payment most easy to the country, whilst affording the greatest facilities for borrowing. I consider that every Government has a right to make its own financial arrangements, and if it find it cannot borrow securely on long-dated debentures, or that it could sell on better terms for short-dated debentures, it was bound to do so. When, therefore, I find that the short-dated debentures are preferred in the money market, both here and at home, I can see no reason why the Government should not make its debentures payable in fifteen or sixteen years, provided that by doing so it will relieve the Colony from too heavy a demand, at a time when other large liabilities fall due. If there were a shadow of doubt as to the solvency of the Colony, or of its honour and honesty in regard to the payment of its debts, I could then forgive any squeamishness as to creating a short-dated debt; but I have no such doubt—I have the fullest reliance on the capabilities and resources of the Colony and of the honour of the people to support the Government in meeting all its engagements. Those who acknowledge that the credit of the Colony is good had no reason to complain that the Government should issue its debentures on such terms as seem most desirable. I will now address a few words to the House respecting the securities issued by the late Government and those issued by the present, and I think the policy I and my colleagues have adopted will be found to be a sound one. The policy of the former Government was to issue debentures, which the Colony might never be called upon to pay. I have nothing to say against that policy, which was sound so long as it was practicable; but when these interminable debentures became unsaleable it was the duty of the Government to find some other security. It appears to me that in the considerations which influenced the issue of these interminable debentures several important matters were overlooked. It could not be doubted that the great bulk of the money to be borrowed for the furtherance of the Public Works of the country must be borrowed from the Mother Country. Now I would ask hon. Members to com-

pare the financial condition of this country with that of the Mother Country. In the old country there are men so wealthy as to be able to lend all the money she might require for her own use, and all that may be required for the use of others. But these wealthy people lent their money on the credit of old established nations, that could not fail to pay the interest they asked for their money, or the principal when it became due. But these wealthy capitalists of the European market, before they invested their money in Colonial securities, must have such conditions of redemption as will suit them. Now I find that about £100,000 of these interminable debentures which had been found unsaleable in England, have been returned through the Oriental Bank, to the Colony. I am also aware that other of these debentures which had been purchased by private parties and found unsaleable at home, have also been returned to the Colony. I quite admit that the policy of borrowing on an interminable security, so long as the security is known to be good, is a correct one; but the difficulty here is that this policy on trial has turned out to be impracticable. To carry on the Government we must have some security on which the capitalist will be willing to lend. The English capitalist thinks it better to have terminable securities whereby in a certain number of years the liabilities of the Government must be discharged. But the great question which arose was, how were the present liabilities of the Government to be met? Both the English capitalist and the Colonial capitalist refuse to accept the interminable Debentures. I can see, then, only two ways of meeting the embarrassment of the Government. The first is to issue Exchequer Bills wherewith to pay off the liabilities of the Government, or otherwise to obtain accommodation from the Banks. I think the better plan will be to bring in a Bill to authorize the issue of Exchequer Bills. The issue of these bills would be a great public convenience. If this course were not adopted but one alternative would be left. The Government must stop the public works in progress, or appeal to the Banks for temporary accommodation. I see much objection to either of these courses. To stop the public works would be to throw many people out of employment, destroy or render ineffectual much that has been done, and to create much public inconvenience. On the other hand, the Banks, it is well known, have not at present more money than was required for their business with their ordinary customers, and if the Government obtained any assistance from them it might seriously affect the terms on which they lend money for the purposes of trade. I think, therefore, it would be better that a Bill should be brought in to authorize the issue of Exchequer Bills. But while I would adopt the main principles on which these bills are issued in England I am prepared to go further. In England, after one year's currency, Exchequer Bills are received in payment of taxes, but I would make the bills issued from the Treasury of this Colony a legal tender both for Customs duties and the price of land sold by the Crown. It is true that that it may be argued that by taking this course these Government securities might be returned to the Treasury sooner than desirable an objection, however, of not much force, for to make the bills available in this way would make them much more popular. It was, however, by one of these two alternatives alone that the Government could be released from its present embarrassment. I wish to cast no reflection on the previous Government for the policy it adopted in issuing interminable debentures, for at the time they were issued there was every prospect that they would sell. I have nothing more to add to the remarks I have addressed to the House. I hope I have explained sufficiently what the revenue of the country is expected to be, and how it is proposed the expenditure should be distributed. I also think I have sufficiently explained how the loans now in existence, or that may be required, should be maintained or raised. In adopting the course I have shadowed forth I can foresee no danger to any Government that may follow that to which I have the honor to belong. The financial policy which my schemes comprehend will at all events involve no danger to our successors. I now move, „ That towards making good the supply granted to Her Majesty for the supplementary service of the year 1857, the sum of £49,894 17s. 2d. be granted out of the Consolidated Revenue Fund of New South Wales."



THE HONORABLE ROBERT CAMPBELL.

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE ROBERT CAMPBELL, made 7th April, 1858.

[*From the Sydney Morning Herald of 8th April*, 1858.]

LEGISLATIVE ASSEMBLY.

Wednesday, 7 *April*, 1858.

FINANCIAL STATEMENT.

MR. CAMPBELL rose and said: Mr. Chairman, before making the financial statement of the year it is necessary that I should make some explanation to the House. The Assembly, by its vote on a former occasion, sanctioned the expenditure of the sum of £80,485 1s. 9d. to meet certain expenses on the Supplementary Estimates for the year 1857, and it further voted the sums necessary to meet the expenditure of the year 1858. As it is necessary for the Government to provide the ways and means for the payment of these sums, I will now proceed to explain how we intend to do this. I feel, however, that it will be unnecessary for me to say much, as the papers I have laid on the table are almost identical with those which were laid on the table and explained by my predecessor. The only material difference between the documents was that the deficit on the 1st of January, 1858, as now shown was £95,665 5s. 6d., while that shown by my predecessor was £128,544 4s. 2d. The Estimates of the Ways and Means therefore have in no respect been altered from those of my predecessor except in the way I have stated; and it is hardly necessary, except for the information of new Members, for me to enter into any explanation at all. Now, in proceeding to exhibit the present state of our financial affairs, I would first call attention to paper No. 3, which I have laid on the table. From this paper it will be seen that the estimated expenditure of the Colony for the year 1858 is £1,266,238 8s. 6d. It must be remembered, however, that this sum includes £35,000 for the payment of debentures, and £66,800 for the working of railways—it having been decided that the railways should, like the Customs, be made a department accountable to the Government both for its revenue and its expenditure. The difference in this estimate from that laid before the House by my predecessor is that his amounted to £1,299,000, whilst the present estimate was only £1,266,238 8s. 6d. The reduction is accounted for by the removal of the military, a considerable reduction in the railway disbursements, and some small reductions in the Postmaster-General's Department. Out of this sum of £1,266,238 there was then £35,000 for the payment of debentures, which at all events showed that the Government was desirous to diminish the public debt. It also provided for the payment of £140,000 of interest on debentures, but as all our loans had not been realized the amount actually required for interest would probably not exceed £120,000. I will now

proceed to read in detail the proposed expenditure for 1858:—

Schedules A, B, C				.....	£75,461 14 8	
Executive and Legislative ..				.....	19,035 7 4	
Chief Secretary — Departmental salaries and contingencies				15,041 7 9		
Secretary for Finance and Trade—Ditto ditto ..				12,224 6 10		
Secretary for Lands and Public Works—Ditto ditto ..				74,586 10 9		
Auditor General—Ditto ditto				5,042 0 0	106,894 5 4	
Chief Secretary—						
Postal				88,537 0 0		
Educational				48,916 18 4		
Immigration..				118,604 0 0		
Municipal institutions ..				10,000 0 0		
Grants in aid, &c.				1,800 0 0		
Printing, &c.				14,087 10 0		
Lunatic asylum and medical officer				27,090 4 5		
Charitable allowances ..				13,186 3 6		
Aborigines				2,000 0 0		
Military, and 2 companies Artillery				18,945 1 2		
Police ..	170,144	1	5			
Gaols ..	35,684	11	3			
				205,828 12 8		
Miscellaneous				3,700 0 0		
Unforeseen expenses ..				2,000 0 0	554,695 10 1	
Administration of Justice..				41,310 2 0		
Prison labour				3,400 0 0	44,710 2 0	
Secretary for Finance and Trade—						
Customs ..	25,960	10	0			
Drawbacks ..	20,000	0	0			
Distilleries ..	2,409	7	0			
				48,369 17 0		
Mint ..	11,466	10	5			
Gold receivers	175	0	0			
				11,641 10 5		
Shipping Masters				2,006 9 4		
Lighthouses, Steam Navigation Board, pilots, and harbour masters Port Curtis establishment				21,719 10 0		
Miscellaneous				30 0 0	83,767 6 9	
Secretary of Lands and Public Works—						
Gold Fields				20.131 17 4		
Railways, exclusive of loans				65,000 0 0		
Roads				83,462 10 0		
Telegraphs				0 0 0		
Public Works— Buildings, repairs, &c. ..	57,483	0	0			
Steam dredge.	2,000	0	0			
				59,483 0 0		
Lighting public lamps ..				350 0 0		
Government Domain and Botanic Gardens.. ..				4,135 15 0		
Surveyor of Coal Fields ..				680 0 0		
Compensation to Rawlings				431 0 0	233,674 2 4	
Interest on outstanding debentures, &c.				.....	140,000 0 0	
Endowments				.....	8,000 0 0	
Amounting in all to					£1,266,238 8 6	

Now it would be seen that though this estimate contemplated a reduction of the military expenditure still the withdrawal of the military would necessarily lead to an augmentation of the police force, and consequently to an increased expenditure in that department. I may also remark that the expenditure for the Administration of Justice does not include the salaries of the Judges. The whole amount required for the expenditure of the Country in 1858 was £1,266,238 8s. 6d.

MR. DONALDSON: Is the expenditure for the Electric Telegraph included in this estimate?

MR. CAMPBELL: Yes, it was included in the sum of £59,483 in the department of Secretary for Lands and Public Works, and estimated for buildings and repairs; but when the Estimates come on I shall be prepared to go into all these departmental details. In explaining this estimate of expenditure I have again to repeat that it provides £35,000 towards the liquidation of the Public Debt of the Colony, and £65,000 for the working expenses of our railways. The next portion of the statement of the finances of the Colony to which I desire to direct the attention of the Committee is the Loans Account. It was there shown that it was proposed to raise the sum of £732,000 for railways. This was for the extension of the lines from Campbelltown to Menangle—from Parramatta to Penrith—and from Newcastle to Singleton. Whether the loan should be raised, and the works proceeded with would depend upon the House; but I believe that it is desirable they should be carried on, as they will tend greatly to advantage the Colony without unduly increasing its monetary burdens. [Mr. Campbell then read a letter from the Chief Commissioner of Railways, showing that the expenditure on the railway lines had been decreased, whilst the income from them had increased.] The loan then for railway purposes, and for renewing debentures issued on railway account, would be £797,000. I now come to the subject of the deficit on the 1st of January last, viz.: £95,665 5s. 6d. This amount was much smaller than that estimated by my predecessor, who had in his statement of accounts in connection with Ways and Means shown the estimated deficiency to be £128,544 4s. 2d., but I think I can prove that the deficit is not likely to exceed the sum stated by me. In the estimate of my predecessor I find that the revenue actually collected up to the 30th September, 1857, was £886,418 8s. 2d., and that the revenue to the 31st December was estimated at £259,920. Now these two sums added together gave £1,146,338 8s. 2d.; but hon. Members would be glad to know that the revenue and receipts actually collected during the year 1857, amounted to

£1,179,104 6s. 10d., an increase which justifies the Government in now estimating the deficit at only £95,665 5s. 6d. It may be recollected by hon. Members that the Government was empowered to raise by loan the amount of the deficit as originally estimated by the hon. Member opposite, Mr. Donaldson. It must, therefore, be satisfactory to the House to hear that the deficit is now reduced, and that without the aid of a loan, to £95,000. The amount of appropriations for 1857 as now shown is the same as that in the estimate of my predecessor, viz., £1,103,940 15s. 11d., from which, however, has been deducted (as in the statement of my predecessor) £30,000 for sums not likely to be required. Hon. Members will understand the necessity of such a provision as this, when I inform them that some of the details of expenditure are probable and not actual. The deficit of £95,000 having been provided for by the authorized loan referred to, there was only the estimated expenditure of 1858, viz., £1,266,238 8s. 6d., chargeable on the estimated revenue of that year as shown in Ways and Means. Now under existing laws it is anticipated that the revenue of the present year will be £1,233,561, but the Government require a larger sum than this. It was proposed during the last session that the deficiency should be made good by an assessment upon stock; a proposition that would again be brought under the consideration of the House. I believe, as intimated in the address of His Excellency the Governor-General, that this is a legitimate way in which to make up the deficiency: the amount proposed was £7 10s. per 1,000 sheep, and £7 10s. for every 160 head of cattle; and it is thought by the Government that this proposed assessment will bring in about £114,000. I hope hon. Members will see the justice of such an assessment, and that they will agree to it, especially when they consider it as only a temporary measure and not a permanent act. No doubt when a new and a larger Assembly meets it will determine the amount and the way the occupiers of Crown lands shall pay for the benefits they derive. If the House does not permit this assessment to be levied there will be a considerable deficiency. There was, however, no reason to fear that the revenue would not be equal to the amount estimated. It it true there has been a reduction in the revenue derivable from the manufacture of Colonial spirits, but this can be accounted for in one or two ways: sugar has been dear, and the Government has also discovered the existence of an illicit distillery, throwing off 800 gallons per day, in the neighbourhood of Campbell's Wharf. I am happy to say that the public works have not been stopped, and I hope the time is coming when the ordinary revenue will recover from the loss thus sustained; but for that there would have been no occasion to appeal to bankers and others to assist us in carrying on important operations. I will now go on to the next item. The Loan to be raised for railway extensions was £732,000, and for the payment of debentures falling due, £65,000. There was a cash balance of £81,322 11s. 6d. on the Consolidated Revenue Fund on the 1st January, 1858. It was a source of gratulation that the revenue showed this result; but I am bound to tell the Committee that a supplementary estimate for this year will be submitted which will very considerably reduce the balance stated. The present Ministry, in not interfering with the estimate submitted to the last Parliament, has seen reason for not introducing on the present occasion any new or revised scale of taxation. That would no doubt form one of the first duties of the new Parliament. Considering our extensive public works I think it is requisite that a Bank of issue should be established. I however merely allude cursorily to this subject. It is also in the minds of many hon. Members that there should be an income-tax as in England, by means of which (and I am favourable to it on this ground) absentee proprietors, it is supposed, would have to contribute their fair proportion to the revenue of the country. The present debt of the Colony is not so large that it should startle hon. Members. On the 31st December, 1857, it was, according to the paper he had laid before the House, only £2,306,350, and of that amount £1,100,000 had been expended on railways, which were to the Colony as valuable as a tool to an artizan. In fact, the public debt was represented by assets which were a continual source of benefit to the public. But, whatever sums the Committee might now authorize, new public buildings could only be erected by borrowed money in the first instance;

there was therefore upon the Government a check on a reckless expenditure for the construction of public works, as past experience was sufficient to convince us that we could not now do as previous Ministers had done—that is, undertake public works first, and then afterwards try and raise the loans—for loans would now have to be raised first. I can safely say that wherever opportunity has offered the Government has exercised economy, and I hope hon. Members will bear that in mind, and consider it a reason why too much time should not be spent at this particular period in the manner in which it has been spent previously. We were now expending money in an unsatisfactory way, and I think the sooner the House returns to the old plan of constitutionally voting the Estimates prior to the year for which they are taken, the better it will be. The Ministry of the day I conceive would be then more dependent on hon. Members than at present, and the opportunity of remaining in power longer than the House wished would not be so favourable. In conclusion, I beg, sir, to move, "That a sum not exceeding £80,480 1s. 9d., be voted out of the Consolidated Revenue Fund of the Colony to meet the amount voted in Committee of Supply."

THE HONORABLE CHARLES COWPER

(AFTERWARDS SIR CHARLES COWPER, K.C.M.G.)

NEW SOUTH WALES.

The Financial Statement of the Honorable Charles Cowper (acting for the Colonial Treasurer), made 21st December, 1858.

[*From the Sydney Morning Herald of 22nd December*, 1858.]

LEGISLATIVE ASSEMBLY.

Tuesday, 21 December, 1858.

FINANCIAL STATEMENT.

Mr. COWPER said: I now beg to move the following resolution, "That towards making good the Supply granted to Her Majesty for the service of the year 1859, the sum of £3,518 7s. 8d. be granted out of the Consolidated Revenue Fund of New South Wales." This being the first motion of the Committee of Ways and Means, I shall follow the usual course, by addressing a few general observations to the Committee in reference to the Estimates of Expenditure, but more especially to the Ways and Means, and endeavour to show the way in which it is intended to provide for the estimated expenditure of the Public Service in 1859. I believe it will be admitted that, notwithstanding the circumstances under which the Estimates have been prepared, there is an amount of information in this document greater than hon. Members have had on any former occasion. We have already dealt with some of the Estimates, and I do trust that, notwithstanding all that has been said about granting the Government only six months' supply, we will not find the majority of the House limiting the supply to that period. I shall not, however, anticipate the debate on this question, that will take place to-morrow on the contingent motion of the honorable Member for Murrumbidgee (Mr. Hay); but I do hope that the observations I shall make may have some effect in satisfying honorable Members that the Government can, until the new Parliamant meet, be safely entrusted with the expenditure of public money. I have no doubt that, in reference to the Estimates, there will be a feeling of disappointment on the part of some honorable Members that there are not larger reductions, but I trust we will be able to show that reductions have been made, although not large, and that the Government have not been neglectful of a vigilant control over the different departments, with a view of ascertaining how far changes can be made with advantage to the Public Service. And during the time the present Government have been in office they have endeavoured to make the public service more efficient if the expenditure cannot be reduced. I may mention some instances in which the Government have taken steps in this matter, and I think it will satisfy the House that the Government have done their duty, so far as the circumstances would allow them. It will be in the recollection of honorable Members that from time to time suggestions have been made to consolidate the duties of some officers by making changes in the departments to which they belonged, and so reducing the expenses. But there was one difficulty in doing this which met the Government. The difficulty was how these gentlemen were to be compensated for the loss of their offices. There were two or three officers whose services the Government had dispensed with whose claims were embarrassing. In the department of the Colonial Secretary, in carrying out the design of the House, reductions had gradually been made. Those who have read the evidence before the Retrenchment Committee will be aware that a great deal of labour had been expended in preparing the Blue Book. It is the business

of the clerks to prepare this book, a copy of which is sent to the Secretary of State for the Colonies. Now, considering the changes which the Government of this colony has undergone, it does seem unnecessary to go on preparing a document, which contains several hundred pages of writing, in the manner in which it has formerly been prepared. This book interests nobody, except those in the colony, and the yearly preparation of it costs a sum not much less than £800. The collecting the statistics (which we propose to prepare in a less elaborate form) almost found occupation for two clerks—one at a salary of £550 per annum, and the other £230. These two clerks, I may say, were exclusively employed in preparing this document. Now, considering that the Secretary of State did not require the information he had received, and considering that the preparation of this document was so costly and so useless, and moreover that a large proportion of it might be collected and circulated not only for the information of the Home Government but for Members of our own Parliament, it seems to us that the time has arrived when these statistics should be printed, and a total revision of the Blue Book take place. In consequence of this decision the services of the gentleman who received £550 per annum will be dispensed with. This was, therefore, one of the cases in which the Government felt a difficulty with regard to the amount of compensation which should be given to a gentleman who had performed his duties satisfactorily and for a length of time, but whose services were unnecessary owing to the abolition of his office. I am aware that the impression prevailing is that the Superannuation Act ought to provide for such cases. I cannot, however, see that the Superannuation Act does necessarily apply. There was no doubt that if this gentleman was fit for promotion, or for taking a higher office, we could appoint him to some other duty, but I apprehend, if there was no such vacancy, to appoint him to an office with a smaller salary attached would be an injustice which we are not inclined to commit. Besides, the gentleman alluded to has been in the Public Service for thirty years, and has therefore a claim for a large retiring allowance under the Superannuation Act, and this was the case with many other officers. There was also the case of the Deputy Surveyor General. Owing to certain circumstances that had occurred, this gentleman was called upon to perform a particular duty, and the duty was one which he was incompetent to perform. The Government, feeling that the Deputy Surveyor General ought to perform this duty, which he said he could not physically perform,—considered that this acknowledgment was virtually a resignation of his office. This is therefore another of the cases which we would have to consider; because, if the Public Service is to be made efficient, and if the expenditure of the Government is to be reduced, it can only be done by reducing the number of officers and retaining those only that are efficient. Now, we had a Surveyor General who never felt called upon to travel, and the Deputy Surveyor General said he was not competent for that duty; this case, therefore required that some action should be taken. Then there was the Shipping Master's Department. It was admitted that the duties of this office and that of Water Police Magistrate could be performed by one officer. Now, the Government had accommodated both departments in one building, because they did not feel justified in asking Parliament for two offices. The Government had therefore merged both these departments into one, and this arrangement, I hope, will be found satisfactory. The Water Police Magistrate claimed to retire, on the ground that he was not able to do both duties, and had established a claim for a retiring allowance of three-fourths of his salary, so there would be three instances in which claims would have to be provided for. One instance of £600 a-year, another of £400 a-year, and I am not sure whether, in the other case, it is not something like the same amount. If these gentlemen were really entitled to retiring allowances, and if the law allowed them, I should be the last to deal with these vested interests in an unjust manner—although in the Superannuation Act I do not see there is any warrant for allowances in such cases; still, it might affect the efficiency of the departments if they were not provided for. They would find by the 52nd clause of the Constitution Act that not more than £3,500 was granted for retiring allowances. Then came the question, if the Government had to dispense with the services of several officers, whether the retiring allowance must be made under the Superannuation Act? The only rule that had been made on this subject was made by the House in

consequence of the message of the Governor-General in 1857 with respect to the rules for granting compensation. There was no statement made as to how this compensation was to be granted; but by implication the officers dismissed were to receive pensions under the Superannuation Act. I have alluded to the subject because it was constantly brought before the Government, and because I believe that an equitable adjustment of it would facilitate the progress of departmental reform. With regard to the particular cases I have alluded to, if their services are dispensed with, the minute I have referred to will enable the Government to make some compensation until the question is determined by Parliament. I think the arrangement we have made with regard to the Blue Book will be satisfactory, as it is intended to transfer this work to the Registrar General's department; and as a large portion of the document will be printed we will have the book circulated many months before the time it was usually laid on the Table of the House. I find that for the last few years it has not been possible to lay it on the table before September, when half the session was over. I hope we will have the document in print at the commencement of the session; besides affording the Secretary of State all the information he requires it will cost much less to the colony. It will thus be seen that the department of the Colonial Secretary has undergone some slight reduction. I have no doubt that if the Government re-constructed the service or constructed it for the first time, men fresh to office could be got to perform the duties at smaller salaries than paid to those gentlemen who had become entitled to their salaries after a long period of service. But I apprehend it is not the desire of Parliament to make large reductions in the salaries of gentlemen who have long and faithfully served the Public. The subject of departmental reform has also occupied the attention of the Government a great deal in another way, and it is painful to review the circumstances in which some officers of the Government had been placed. I refer to the number of gentlemen who have been found guilty of defalcation in the Public Service. Honorable Members no doubt bear in mind the discussions that have taken place in respect to the iron chest. My honorable friend, the Colonial Treasurer, who, I regret, is absent from illness, has had great anxiety with regard to his branch of the Service, for I find he has had seven or eight officers charged with defrauding the revenue of large sums of money. With regard to the iron chest, there was a deficiency of from £1,500 to £1,600; and with regard to the suspense account, one of £1,857 in addition. Then again, with respect to the Crown Lands Department, there were four gentlemen who had received money in the interior who had not accounted for it, three of whom had absconded. The Government, feeling that these matters were growing to a height, offered a reward for each individual, but they succeeded in capturing one only, who was committed for trial, but was acquitted, notwithstanding the labour and expense the Government had been put to. Three other parties were defaulters, but only one conviction had taken place, and that was where the person charged pleaded guilty. All these things, I think, show that the Government have been carrying out the work of departmental reform, and have had their hands well occupied with this important question. I hold a statement in my hand by which it will be seen that the defalcations of the parties referred to amount to between £4,000 and £5,000. I mention these matters because honorable Members seem to think that unless the Government make immense reductions, or abolish some departments entirely, they cannot be in earnest in carrying out departmental reform. The Government, I say, have had their hands fully occupied in bringing the departments into proper order, and, by making alterations and establishing new regulations, have succeeded in bringing the Public Service to a state of considerable efficiency. While alluding to these irregularities I will refer to another matter—a serious one indeed—which is undergoing the ordeal of inquiry. I allude to the Customs frauds. The general impression is, that all the duties that ought to be collected are not collected. There was a Select Committee of this House appointed to inquire into this matter but no immediate result had been brought out by the inquiry. A short time ago, however, the Government obtained certain information, which determined them to prosecute the inquiry with the utmost vigour. My honorable colleague, who is now absent, is entitled to the gratitude of the country for the time and attention he devoted to this matter. In

every step we took we were foiled, until at last the case has been brought to such a state that the result can, I think, be no longer doubtful. Several parties have been suspended, and the evidence, as it appears in the newspapers, shows that a vast amount of irregularity exists in the Customs department. The great increase in the Customs revenue during the last few weeks (and no doubt the increase is to be ascribed to the inquiry) proves that the revenue has been defrauded of a large amount. Already four seizures have been made of goods which the Government had the greatest difficulty in tracing, and it is believed that other seizures will yet be made. I believe that this system of defrauding the Government has been carried on to such an extent that it has actually reached Port Curtis. There is strong reason to believe that one vessel was engaged there in defrauding the revenue in the same manner as was contemplated by the owners of the Louisa. In this case the Government felt the fraud was of so serious a character that they offered a reward of £500; but up to this time, so skilfully had the parties managed, that they had escaped from the country, and the reward offered has produced no information. There is one branch of the Public Service which honorable members thought should be reduced to a large extent. I allude to the police. The expenditure for police and gaols in 1858 amounted to about £208,000. For the year 1859 the estimates for these services amount to £203,000, so that there is a reduction of only £5,000. I confess I think a large reduction might still be made, for if we cast our eyes down the columns of the estimate we will find 13 constables for one district, and 8 in another, and 25 in another. It does appear, therefore, that a reduction in the police should be made, but when we applied to the local authorities we were told that there were only sufficient to secure the public safety, and in some instances applications were made for an increase to the number. From Parramatta alone there was a demand for six additional constables. In all the outlying districts the demands for police are large, but in other parts of the country the disparity of numbers is so great that it is almost impossible to understand how so large an amount of expenditure can be required. We cannot reduce the pay, because I think it would be hardly fair that able-bodied and well-conducted men should receive less, so long as other districts had to be supplied with police. Unless therefore we recast our system of police, I cannot see how it is to be done. This subject I have had under serious consideration, and I have repeatedly refused applications to increase the police; but, although a committee, presided over by my honorable friend and colleague, has taken the matter into consideration, I apprehend, it will be absolutely necessary that another Select Committee should deal with it before any organic change can be effected. It would seem that there is a considerable increase of expenditure for the Administration of Justice, but that is on account of the District Courts. Notwithstanding all that has been said on this subject, I think the operation of these Courts will be found very beneficial in bringing justice to those districts where they are to be held, and that they will also be found useful in reducing the labour of the Supreme Court. I think we ought to wait and see the working of these Courts before increasing the number of Judges, for I believe that the effect of the District Courts will be that many of the cases that are now taken to the Supreme Court will be settled on the spot at once. In the Harbour and Lighthouse and Pilot Department some reductions have been made. With regard to the sum put down for public works, the Government, so far from reducing the item, has estimated a larger sum than has been appropriated in former years. I find that the total sums devoted to public works, buildings, roads, and bridges, exclusive of loan services, were—in 1855, £9,614 7s. 6d.; in 1856, £92,909 10s.; in 1857, £129,930 17s. 1d.; in 1858, £226,192 4s. 6d. So that hon. Members will see that a gradual increase in the expenditure for public works has been going on for years past. It must be a gratifying feature in our finances if we can increase the expenditure for public works without resorting to loans, and at the same time reduce the expenses of the departments without impairing the efficiency of the Public Service. I say if we bring about these reforms the country will, I think, be satisfied that much will have been done towards bringing the Government into a satisfactory working state. While I find that the cost of the several establishments of the country was £633,572 19s. 5d. in 1856, I find that for 1859 the cost of the establishments which existed in 1856 was only £605,522. We have now the

expenditure of the railway department to provide for out of the revenue. Against that expenditure, there is, however, a gross revenue of about £100,000. So that as the expenditure for this department was between £60,000 and £70,000 there would be a surplus revenue of over £30,000. I think this is very gratifying, because if these short lines, which were constructed at an enormous cost, were enabled to pay anything like interest, it would be natural to expect that if extended into the interior at a much less cost per mile, we would get a considerable increase in the interest on the capital expended. These are all the observations which seem to me necessary to make with regard to the Estimates. In 1856 there was a reduction of 84 in the number of individuals employed in the several departments; but since Responsible Government this number has been reduced, and now amounts to 64, so that there has been some reduction. I trust that these departments will still be found efficient, and that they will exercise such vigilance in collecting their revenue as will result in securing considerable increase. I know some persons imagine that if the Customs revenue was properly managed it would bring in £50,000 more than it now does. At present there is an increase going on, and it cannot be accounted for, except that the revenue is collected with greater zeal and accuracy than previously. There is one establishment to which the attention of the Government has been particularly drawn. I refer to Cockatoo Island, and think that great advantage would be derived by placing the establishment on a new footing. This question is however mixed up with the question of the management of our convicts. Before any change of system can be effected it will require mature consideration on the part of both the Government and the Legislature. I am well aware that the working of the present system is very unsatisfactory. It appears to me that the visiting Justices should have supervision without the intervention of the Sheriff. I must also say that from some cause or other the gaols are not in the effective state they ought to be in; but inquiries are now going on with reference to the Parramatta and Sydney Gaols. It is said that the convicts are not employed as often as they might be, and that hard labour was anything but hard labour there. For these and other matters legislation is necessary, as well as the changes which the Government propose to introduce. The sum required to meet the estimated expenditure of the ensuing year is £1,465,325, and the loans proposed to be raised are as follows, viz.:—For public works, £16,600; to pay off debentures, £80,000. Total, £96,000. We do not propose to ask the House for any loan of a large amount this session, as the vote of last year will be sufficient to carry on the railways already sanctioned. In drawing attention to the Ways and Means, it is satisfactory to find our position so much improved. In 1857, the honorable Member (Mr. Donaldson) then Colonial Treasurer, drew attention to the deficit of £150,000, and got the assent of the House to a Bill to enable him to raise by loan the whole of that sum.

MR. DONALDSON: That deficit was for 1856.

In August, 1857, the honorable Member made his financial statement, and said happy the Finance Minister would be when this deficit was worked off without the issue of a single debenture. I can now say that considerable advance has been made towards this result, for as yet no debentures have been issued on account of that deficit. The honorable Member in August, 1857, apprehended a deficiency of about £124,000, and afterwards, on the 4th of November, his successor (Mr. Jones) made it about £128,000. In consequence of the actual revenue having exceeded the estimate, my honorable colleague, Mr. Campbell, produced another statement, in which the deficit was shown to have been reduced to £95,000. I will now assume that the deficit at the end of this year (1858) will be £69,426 7s. 9d., and that there will be according to the statement now submitted a balance at the end of December, 1859, to the credit of the Consolidated Revenue of £24,756. So that by the end of next year the whole deficit of over £150,000 will have been paid off, and there will then remain a credit balance of £24,756. I will now draw the attention of the House to the statement of the estimated revenue, in order to show how the revenue has gone on increasing during the last two years, and the possibility of its increasing still further during the year 1859. I find that the revenue of 1857 was £1,112,406, and that the actual and estimated revenue of the current year amounts to £1,386,677. The revenue for 1859 is estimated at

£1,450,081. This estimate cannot I think be considered excessive, as it is warranted by the increases that have taken place in the revenue of the years 1857 and 1858. The Government entered office under serious difficulties, for my honorable friend Mr. Jones took office at a time when a large amount of money was required by the Government, and when the Exchequer was very low. As Mr. Jones felt uncertain what the state of the money market would be, he determined to advise the Government to withdraw the interminable debentures, and send £100,000 of terminable debentures to England to replace them. This was done, and events have shown it was a wise course, because, by withdrawing the interminables, they were replaced by others which have since found a ready sale. But when my honorable friend found great difficulty in raising money not only in England but here, and that there was no probability of selling our debentures, he advised that a Bill should be passed authorizing the Government to issue Treasury bills to the amount of £400,000. Well, I have the satisfaction of informing the House that only £40,600 of these Treasury bills have been issued, and that the Government do not intend to issue any more of them. Whatever, then, honorable Members may have thought at the time of the policy of this measure, very little injury has been done, because but a small amount of these Treasury bills has been issued. The Government have gone through the particular trials to which they were exposed, the public expenditure has been met, the public works have not been stopped, and no loan has been raised at a sacrifice, for owing to a sudden and favorable reaction in the money market, the Government were relieved, when they hardly expected it, of a great difficulty. The correspondence that took place between the Banks and the Government at that period has been printed. Although for a short time the Government were placed in a position of embarrassment, owing to the tightness of the money market, they, fortunately, have had no serious difficulty, and trust moneys were never touched. The sale of the Treasury bills, which were considered objectionable by some honorable Members, has not proceeded beyond £40,600, and we have not issued one debenture under the authority given by the House to meet the deficit of 1856. The Expenditure and Revenue Estimates as submitted to the House, will, I trust, be considered satisfactory. The Customs revenue has shown for some time past a considerable and sensible improvement. I will now proceed to show, from data, what the improvement is. I find that in December, 1855, the revenue was £29,053 14s. 4d.; in December, 1856, £44,090 14s. 2d.; in December, 1857, £48,510 11s. 8d., and during the two first weeks of the month of December of the present year we have received for Customs revenue £13,381 4s. 4d., and £17,841 7s. 6d. The latter is a larger amount than has ever been received at the Customs in one week, except a week in April, 1858, when it was £17,638 7s. 4d., which was caused by an expected alteration in the tariff. So the Customs revenue, it will be seen, has gone on gradually increasing during the last three years. I think this is satisfactory, because honorable Members will remember that this increase was not caused by a rise of duties. We have got over our difficulties, and the revenue has increased, and will continue to increase, if we have proper servants to collect it. In the first week of this month the Customs receipts were £13,381 4s. 4d., and in the next £17,841 7s. 6d.; total for two weeks, £31,222 11s. 10d., against £48,510 11s. 8d. for the whole of December, 1857. These results, I think, show that so far as the Customs are concerned, we have not been backward in performing our duty. There was considerable apprehension that the revenue from sale of lands would fall off in consequence of the proposed reduction of price. It was predicted that because that was the policy of the Government, the land revenue would be reduced. It is therefore satisfactory to the Government to be able to prove that this prediction has not been fulfilled. The land revenue in 1856 was £245,555 2s. 5d. In 1857 £210,333 17s. 3d., and during the present year £241,580. Now, considering we have gone through a time in which the public mind was disturbed with regard to the land question, it is satisfactory to be able to show that the land sales have amounted to so considerable a sum as that which I have stated. Indeed the revenue generally has kept up well. The collections under the head of gold revenue show a considerable augmentation, and coupled with this I think it is satisfactory to know that the yield from the gold fields has gone on increasing. During the month

of November, 1857, the receipts of gold dust amounted to 14,454 ounces, and during the month of November of this year we received 26,577 ounces, thereby showing an increase of 12,123. This increase has not been confined to one district alone, as the Southern, Western, and Northern Gold-fields all show an increase, and I have no doubt when the regulations which my honorable colleague have introduced come into operation, we will have a still larger increase. While our income from the different branches of revenue has been improving, it is satisfactory to be able to report that the value of our Government securities has also been steadily improving in the London market. Reverting to the difficulties referred to in the early part of my address, I am glad to able to say that during the very worst times of the panic, and when discount had increased to 10 per cent., the debentures sent to replace the £100,000 interminable ones were sold, and realized £95,640 5s. Since the sale of these debentures the rates have been improving, and we have reports of sales of £11,900 at £99, £3,400 at £99, £6,600 at £99 10s.; £6,500 at 99¾, £27,000 at par, and £100,000 stated to be sold at from 99¼ to 99¾, all of which, I believe, are debentures of thirty years' currency, so that if they were sold at ½ per cent. less than those for twenty-five years the country could well afford to lose the difference. I think these satisfactory sales are chiefly the result of the efficient manner in which the Bank brought our securities into the market, and from communications I have received it would appear from the course the Bank has taken that it has managed the agency with great credit to itself. We find that our securities, bearing 5 per cent. interest, were now sold at 99, 99½, and 99¾, and I believe that there is nothing in the state of the London market that can lead us to apprehend a reaction. I believe that for months to come the securities of this colony will realize similar rates. There is no doubt some reason for anxiety when we consider the large amount the colony will be obliged to raise; because, if we look forward to the year 1860 we will see that the large sum of £418,000 will then fall due. The Government are directing their attention to this matter, so that whatever may be the state of the money market then they may not be placed in the position they were in when the Banks acted towards them as they did. That time of difficulty passed away without much inconvenience having been experienced, for as the revenue increased the public credit was sustained, and we were thus enabled to meet in due course all lawful claims against the Government. I believe I have alluded in a general way to all those points which it is usual and necessary to explain, but if there is any matter which honorable Members may wish to be more fully informed about, I shall be prepared, so far as I can (because hon. Members are aware this duty is not within my province), to give them every information. I am satisfied that my honorable colleague the Colonial Treasurer, for whom I am acting and from whom I obtained the particulars of the statement I have just made, has bestowed the utmost attention to the careful management of the finances of the country generally, but more especially with respect to the collection of its revenues, and the correction of those abuses which led to such melancholy results. I now beg, Sir, to move the resolution I have already read to the Committee.

THE HONORABLE ELIAS CARPENTER WEEKES.

NEW SOUTH WALES.

The Financial Statement of the Honorable Elias Carpenter Weekes, made 6th October, 1859.

[*From the Sydney Morning Herald of 7th October*, 1859.]

LEGISLATIVE ASSEMBLY.

Thursday, 6 *October*, 1859.

FINANCIAL STATEMENT.

Mr. WEEKES then rose and said : Mr. Piddington,—As this is the usual period for laying before the House a statement of the financial condition and prospects of the country, I avail myself of the opportunity to do so, and in making this, which is almost necessarily a dry, although not altogether an uninteresting, exposition, I crave the attention and indulgence of the committee while I submit the accounts to them. I will not trespass longer on the patience of hon. Members than will enable me to state, as clearly as I am able, the real state of the financial affairs of the colony ; and I think I shall be able to show before I sit down that, without taking any exaggerated view, our condition is highly satisfactory. Before, however, entering immediately into the matter of the public finances, there is one subject which I feel desirous of bringing under the notice of the committee and the country. It is a subject which has frequently been commented upon, not only here and in the neighbouring colonies, but also by the English Press, to our disadvantage. I mean the circumstance of the balance of trade being steadily against the country from year to year — the difference being on imports and exports, amounting to between one and two millions sterling. This circumstance, I repeat, has frequently been commented on in England as not affording a very favourable symptom of our progress. It was not, I think, until very lately that any steps were taken to show how the case really stands in connection with the allegation that the balance of trade was so much against us. Since 1857, however, steps have been taken which will have the effect of putting the matter in a rather more favourable light. I find, from the published statistics, that in 1855 our imports amounted to £4,600,000 ; in 1856, to £5,400,000 ; in 1857, to £6,700,000 ; and in 1858, to £6,059,000. Against which the exports were, in 1855, £2,800,000; in 1856, £3,400,000; in 1857, £4,011,000 ; and in 1858, £4,186,000. Now from these figures the committee will see that there is a considerable difference between our exports and imports, and unless the difference is explained it must I admit tell rather against the country. But it is well known that a great deal of the trade of the colony goes southward. Of this—the overland trade, as it is termed (and my predecessors have alluded to it as accounting to some extent for the deficiency)—no record, until lately, has been kept. There has been no account taken of the vast quantity of stock going over the Murray to Victoria, and forming part of our exports. From the records of Victoria for the year 1857, I find there were imported into that colony 102,000 head of horned cattle, 435,000 sheep, and 5,500 horses. In the following year (1858) our own records show that there were exported hence 130,000 head of horned cattle, 469,000 sheep, and 6,700 horses. But in comparing the exports of the two colonies —I find in addition to this large quantity of stock, for which we get no credit, that there is a considerable quantity of wool, the growth of the southern country, conveyed overland and shipped from Victoria, for which that colony gets credit,

notwithstanding it is the produce of New South Wales. That which I am showing is quite clear from the following statement:—In 1857 there were in New South Wales 8,000,000 sheep. Of the clip of these 8,000,000 sheep the export is 17,000,000 lbs. While the sheep of Victoria only number 4,600,000, that colony exports more wool than New South Wales with double the quantity of sheep. It is therefore clear that a very large quantity of the wool of the Southern Districts goes overland to Melbourne, for which Victoria and not this colony gets credit. If the committee will take the trouble to run up these several amounts they will find that the result will nearly, if not quite, account for the difference between our exports and imports. I was desirous of showing this, because there have been doubts expressed of our prosperity from that very cause. I hope, however, that in future these overland exports will be taken into consideration. If the committee will turn to the last page of the Ways and Means they will find that the total debt of the colony is now £6,534,530. There are at present Loans now in the course of being raised; that is, the debentures have all left the colony, and are in the hands of the Oriental Banking Company of London —the Financial Agents of the Government—for negotiation. It may not perhaps be uninteresting if I state to the committee the prices that have been obtained up to the date of the last accounts received from the Oriental Bank for nearly £600,000 of these debentures. From the 1st of January to the 31st August of the present year £36,700 have been sold at 98½; £27,000 at 99; £38,700 at 99½; £37,000 at 99¾; £91,700 at par; £39,500 at ¼ per cent. prem.; £70,000 at ½ prem.; £79,000 at ⅝ prem.; £51,000 at ⅞ prem.; £43,000 at 1¾ prem.; £10,000 at 1⅞ prem.; £4,500 at 2 prem.; £42,500 at 2½ prem.; £25,000 at 3 prem. This takes us up to the time of the sudden declaration of war between France and Austria, when our securities, in common with all others, suffered a decline. The fall in the debentures of New South Wales was, however, less, I believe, than the fall in consols. They maintained their favourite character in a very marked manner when the great decline took place. The tide has since turned, and our debentures are again gradually recovering their old position, the last account showing that they were still rising. As one of the Bills which will be brought before the House during the present session is a Bill to repeal an Act for raising £150,000 to make good a deficit, I think it will be well if I give a slight sketch of the rise and progress, or rather rise and fall, of that deficit. As has been before stated, the inauguration of responsible Government found a balance on the wrong side of the public ledger. The deficit on the 31st December, 1855, was £65,000; on the 31st December, 1856, it amounted to £151,000; and on the 23rd of February in the following year the House granted permission to borrow the sum of £150,000 by the issue of debentures, to pay off this deficit. I think it is a matter of congratulation to the country that there has been no necessity to raise a single shilling by virtue of that Act—that the resources of the country have overtaken the deficit, and that it is now entirely extinguished. On the 31st December, 1857, the deficit was £124,000. There were no less than three Colonial Treasurers who took in hand the affairs of 1857. They differed slightly in their estimate of the deficit, the last one more closely approximating the reality, from having a later view of the year. On the 31st December, 1857, the deficit was reduced to £95,665, the amount with which we began on the 1st January, 1858. The figures of that year's balance-sheet differ very slightly from those which were laid on the table last session; but now in October, 1859, I am enabled to take a view of 1858, which of course my predecessors could not. From lapse of time I am now enabled to state that principally by the saving of items which were voted, but not used, to the amount of £124,000, the deficit at the end of December, 1858, was converted into a credit balance of £48,227. I therefore hope that we have got rid of deficits for ever. I now approach the year 1859 with a credit balance of £48,277. The sum estimated last session for the services of the current year was £1,465,325; but the reality turns out to be £1,507,587, or an increase of £42,262. Against that, however, I get credit for a sum of £40,000, being the proportion of the £50,000 appropriated by Act for the mail service, *viâ* Panama, which is not likely to be required. I think I am fairly entitled at this period of the year to assume that there is no probability of that £40,000 being wanted for the year 1859.

This leaves the sum of £1,467,587 as the estimate of expenditure. Then there are £91,600 for loan services, viz., for public works, £11,600; to pay off debentures in 1859, £80,000. There is also a further supplementary estimate for this year, amounting to the large sum of £113,587, out of which I propose that £85,000 should be charged against the ordinary revenue, and £28,507 should be covered by loans. If the committee will turn to the supplementary estimates they will see the items of which they are composed. There was a variety of items of all kinds and descriptions, as for example, to make up deficiencies in votes for stores, grants in aid of public institutions, charitable allowances, aborigines, and a number of other services. £2,000 are placed upon the Estimates as a further allowance to jurors and witnesses in connection with the Moreton Bay Court. A report was made to the Government that all the funds placed to the credit of that Court for jurors and witnesses had been exhausted, and £2,000 was the smallest sum with which they could be able to carry on and pay the necessary expenses of witnesses and jurors; and the argument used in support of this demand was that the witnesses from all the ports to the northward had first to come to Sydney in order to reach Moreton Bay. Therefore a large unavoidable expense rendered this supplementary estimate necessary. There was also a sum of £12,000 for the purchase in England of 2,000 stand of rifles, of the most approved description. The Government decided to take this course on their own responsibility, relying upon the confirmation of the House of the step taken in the matter. Sir, it was done at a time when the country was in almost hourly expectation of the arrival of intelligence of a war with a powerful European State. There were no arms in the colony—no rifles of any kind, and but a very small quantity of the ordinary musket or carbine; therefore the Government decided to send immediately for two thousand stand of rifles of the most approved construction. The selection of these rifles has been confided to General Hay, the superintendent of the School of Musketry at Hythe. That gentleman has been requested to be good enough to attend to the selection of the weapons, and I have no doubt when they arrive we shall find them of the most approved construction. A large sum, no less, in fact, than £7,500, next appears as compensation to Mrs. Want, for loss sustained by the railway accident. This, Sir, was a case which was submitted to arbitration; an arbitration bond was duly drawn up; arbitrators were appointed, and this was their award. I must say that the Government admit, and, I think, everybody else will admit, that it is an award in excess of what it ought to have been. The Government, however, had no alternative. They desired, if possible, to have waited until they could have obtained the sanction of the House to it, but they were threatened with extreme proceedings, and feeling that, under this arbitration bond, they might perhaps have amounted almost to a stoppage of the Railway works, the Government made a partial payment on account of the item. There is a further sum of £650 for certain legal expenses incurred in this matter. There is next a sum of £3,000 for alterations and repairs in the Legislative Assembly chamber, and I hope that when the Committee of Supply come to deal with this item they will, on account of the increased accommodation that has been afforded, pass it without opposition. There is also a sum of £1,200 for additions to the Government Printing Office, rendered necessary by the impossibility of grappling with the work now crowding that office. The sum of £5,000 is also required for increased chamber accommodation at the Court of Quarter Sessions; and under a resolution of the Assembly a sum of £15,000 for the purchase of the alpacas. To be provided by loan there are the following sums:—For the construction of a coal wharf at Newcastle, £2,100; for a steam crane at that port, £800; for the Glebe Island punts, £1,882; for the harbour defences, £2,425; for additions to works at Fort Macquarie, £4,500; and for the construction of a fort on Garden Island, £16,800. It will thus be seen that a large sum is proposed to be expended in erecting fortifications on Garden Island, which, from its commanding position, competent men say will render this harbour almost impregnable. These are the principal items of supplementary estimates for the year 1859. On the other side the statement laid on the table of the House last session, estimated the probable revenue at £1,490,081. Now I am able to give the actual revenue up to the 31st of August last, namely,

£925,531, which with the estimated revenue from the 1st of September to the 31st of December, £621,925, will make a total for the year of £1,547,456, being an excess of £57,375 over the previous estimate of revenue. The increase on that estimate will be found to consist of £24,000 on the Customs, £59,000 on the Land revenue, £2,400 on Postage, £5,000 on Licenses, £1,000 on Electric Telegraphs, and £2,000 on the Harbour Dues. There is an increase on the miscellaneous receipts of about £10,000, but a decrease on the other hand of about £7,000 upon the Duties on Spirits distilled in the colony. There is a decrease of nearly £7,000 on Gold Duties, of £3,000 on Mint receipts, of £500 on Rents, and of £37,000 on Railways. The reason given for the deficiency in the Railway receipts is, the non-completion of the branch to Parramatta, the expected increase from that source not having taken place, and also of the Pitt-street tramway. It was also expected that there would have been a larger coal traffic at Newcastle, and that the cuttings at Kenny's Hill would have been in a more forward state, by which a much larger traffic would have been induced to the Campbelltown station. On the whole the increases amount to £124,000 and the decreases to £67,000, thus giving a balance in favour of increase of £57,000. This carries us down to the 31st of December, 1859, and I now go into the year 1860 with a credit balance of £43,066. The committee will find, by referring to the balance-sheet, that I estimate the revenue for 1860 at £1,655,339 as against £1,547,456, which will be about the revenue for 1859. The amount to be raised by loan for public works and buildings is £242,812, and for the purpose of paying off debentures falling due in 1860, £365,600 (which is brought in here as a mere matter of account), thereby making a grand total of £2,263,751. On the other side I estimate the expenditure for general services to be £1,260,240; for special appropriation, £276,833; and for charges provided by the Constitutional and Colonial Acts, £60,350, making a total of £1,597,423. The charges proposed to be covered by loans amount to £608,412, and consist of the following items, viz., public works, £242,812; and to pay off debentures, £365,600. From this statement it will be seen that I anticipate at the end of the year 1860 a balance to the credit of the Consolidated Revenue of £100,982. I am desirous of calling the attention of the committee to two items in the Estimates of Expenditure. In the first place I quite agree with the principle that was laid down by the hon. Member Mr. Jones, when he held the position I now have the honor to occupy, that is, that a sum of £50,000—and I think that is as small an amount as could be named—should be paid annually out of the revenue for taking up debentures. I have done this, not by forming any sinking fund, which may be a subject for future consideration, but by providing for the payment, out of revenue, of Immigration Debentures falling due in 1860 to the amount of £53,000, as I do not think it is desirable to renew debentures of that class. The debentures falling due in 1861 are only £27,600; those in 1862 only £1,000. Then we take a step to the year 1866, when there will be a sum of £300,000 to be paid off. No ministry ought to be exempt from paying these out of revenue, for an annual appropriation of £50,000 will enable the Government to pay off the whole amount at maturity in that year. I think it will go far to support our credit and character as men of business if we show our intention to pay off our debt by degrees, instead of simply contenting ourselves with borrowing money over and over again for the purpose of retiring our debentures as they fall due. We ought, rather, to show that we are desirous of taking some steps for the liquidation of the public debt by appropriating a fair sum every year out of the Consolidated Revenue Fund. The Estimates of expenditure have been prepared with great care, and I think the committee will find on investigation that they contrast favourably with the Estimates for the preceding year. On comparing the two years, 1860 and 1859, it will be seen that there are increases in certain departments—I allude only to departmental expenses. There are increases in some departments to the extent of £19,000 while in others the decreases amount to £29,000, thereby showing a balance in favour of 1860 of £10,000, which proves, at all events, that we are going in the right direction, although not quite so fast as some hon. Members may desire. Another thing which the Government always do, when a vacancy occurs in an office, is to consider whether the post can be done away with

altogether. They did so with respect to the position of Police Magistrate in Sydney. They thought it would be as well to try whether in populous towns where there are large benches of magistrates, the country could not be saved the expense of paid magistrates. I think police magistrates are likely to be necessary in thinly-populated places, but in populous towns they are not necessary. We have tried this in Sydney and in Parramatta, and although it is true that remonstrances have been made against the arrangement in both places, I can see nothing to induce us to alter our decision. I think it is a reflection on a bench of magistrates, so large as that of Sydney, when they cannot find a sufficient quorum or roster to take a fair share of the duties of the office they have accepted, and thus save the country the expense of a police magistrate. There is another item, which is both a new one and a large one, namely £25,000, for warlike stores, ordered from the Home Government in 1855, about the time of the Russian war, and before Responsible Government began. The Executive Council of the day decided to order a large quantity of warlike stores from the Home Government, in the hope that they would make us a present of these articles, but at the same time stipulating that if they did not do so the colony would pay for them. A letter has come out from the Secretary of State for the Colonies, enclosing a little bill of £25,000 against us, which he would like us to see about settling as soon as possible. The Government, however, have decided not to take any steps in the matter until they obtain the decision of the House. It will be submitted in due time, and whatever the decision of the House may be we will act accordingly. In the Department of Lands and Works there is a sum of £8,000, which I will explain to the committee when it arrives at that vote, and a schedule of the items composing that sum will be prepared and delivered to hon. Members. There are various large sums of money which we propose to pay out of the revenue. For elementary schools, £50,000; roads, £96,039; and public works, £45,421. There are also several large sums to be provided for by loan, amounting together to £242,812. These arise from some difficulty in the preparation of the line of railway and in the survey; the sum proposed to be expended on new works, and on account of railways was £78,049, and on account of telegraph branches and proposed extensions, £69,580. There is a sum for harbours and rivers navigation, and also one for the renewal of the Circular Quay, a very unpleasant subject, but there is no alternative. The Government have found the Quay in an impassable state, giving way almost under the footsteps of the people, so that they have been obliged to resume a portion of the Quay and place a sum on the Estimates for the work. Then there is a sum of £26,892 for improvements to the Wollongong Harbour—and £30,000 for improvements to the Kiama Harbour. These are, no doubt, large sums, but I think the time has arrived when persons residing on the coast should have some fair share of the public money. As they are called on to contribute their quota to railways, which they never see, and from which they derive no immediate benefit, I think it only fair they should have these sums from the public funds for carrying out works which are so much required by them. I hope, however, if the money is expended on these improvements, that the inhabitants of the Wollongong and Kiama districts will not object to pay a small tonnage duty. There is also a sum of £4,000 for removing obstructions to the navigation of the Moruya River, £2,500 for the construction of a wharf at Eden, and £7,000 for the improvement of the navigation of the Rivers Crookhaven, Murray, and Murrumbidgee. These are the chief details of the sum of £242,812 for public works, which it is proposed to raise by loan. On the other side, in regard to the revenue, the committee will see that the Customs duties for 1859 will be £596,475, and that for 1860 I estimate them at £621,000. The Customs revenue has for several years past been steadily increasing: in 1855 the amount was £421,000; in 1856, £471,000; in 1857, £533,000; in 1858, £557,000; in 1859, £611,000; and in 1860 I estimate it will reach £621,000. Now, I must say I am rather partial to the revenue derived from the Customs. I think it is the most convenient and least annoying to pay, for there is now half a million flowing quietly into the treasury, which I am sure the contributors are not aware of. The articles from which this revenue is derived, are, with one or two exceptions, unobjectionable as objects of taxation, and I certainly

should be very loth to part with any of them, because in all questions respecting taxes we must not lose sight of the expense of collecting. Although the Customs' revenue amounts to half a million, it is collected in this colony at less than four per cent. We may turn in vain for any large amount of taxes to be collected at so small a per centage as that; I must say, therefore, I would regard with some fear the substitution of any other mode of taxation for that of the Customs. Let the Customs come in aid of anything else, but I certainly object to the sentiment expressed by an hon. Member the other night that it would be a good thing if the whole of the Customs' revenue were abolished. In my opinion it would be utterly impracticable to levy a personal tax that would meet the approval of the people, and be collected at a reasonable expense to the colony. It would in effect, be doing on a large scale, what is sometimes done in Sydney on a small one, that is, putting a bailiff in every man's house, which would be a most disagreeable mode of proceeding, and one that the Government would not like to adopt. I estimate that the gold duty will produce £47,050, as against £43,823 for the previous year. There have been representations from various quarters respecting the abolition of this duty, and the Government have given them every consideration. The Government, as is well known by their previous votes, are opposed to the gold duty, but I believe I am not in a position to say that they can see their way in the present state of the revenue to take it off. I come to that determination with considerable reluctance, but I am obliged to say so. The financial affairs of the country, flourishing as they are, have large claims on them. I cannot therefore hold out any prospect of the duty being immediately abolished, but I shall be very glad to see the state of the finances such as will permit us to abolish it at an early date.

MR. ROTTON: May I ask the hon. Member to make his promised explanation with regard to the duty on tea and sugar.

MR. WEEKES continued: If, when I get to the end of my Budget, I have left anything out the hon. Member can remind me. I estimate the Mint receipts for 1860 at £17,000, against £15,588 for 1859; and although this is a slight increase on last year it is not so much as was received in 1858. I may mention that the gold coin issued from the Mint in 1855 was over £512,000, and in 1858 it was about £1,343,000. There will be one addition to the charge against the Mint which will presently take place. The Savings' Bank lent £40,000 to the Government for Mint purposes, so that persons bringing their gold and requiring the money at once might get it without any delay. This was a great convenience to all parties, and hitherto the Savings' Bank lent that sum free of charge; but I suppose, induced by the Government getting such a large rate of interest from the Banks for their deposits, the Trustees of that institution have taken the hint, and now require the Government to give them two-and-a-half per cent. on the £40,000 borrowed for the use of the Mint. Now, I think we ought, if we can, to try to reimburse ourselves. We propose to do it thus: The escort hitherto has taken all the notes of the various Banks up the country for nothing. I think it is only a fair thing to charge the small sum of one quarter per cent., or five shillings per £100, for the safe delivery of their notes.

MR. WILSON: I thought it was understood that the gold duty was to include all charges.

MR. WEEKES: This will be only a charge upon the Banks for the accommodation afforded them by the Government in taking their notes free. As we have to pay for the use of this money it is only reasonable we should get this small sum for the accommodation we afford. I will now take the land revenue: In 1857 it amounted to £276,572; in 1858, £405,000; and for 1859 I estimate it at £498,962. I estimate the amount for 1860 at £552,000. Whilst I am on this subject I may as well state the total amount received under the Assessment Act during one year. In 1858, which was one clear year, there was received £87,859. There is, then, nothing particular to note till we come to the railway tolls, which for 1860 I have estimated at £80,000. I estimate they will produce £62,830 during the present year, and I confidently anticipate that this sum will be realised. I will now read a few statistics to the committee relative to the progress of our railways. The gross receipts for 1857 on the Southern line were £38,935; for 1858, £50,822; and for the first six months of 1859, £26,253, being a gradual increase from year to year. The net receipts of the Southern line, after paying all the working expenses, and

(in proportion to its length) half the expenses of the head office were for 1857, £10,548; for 1858, £18,478; and for the first six months of 1859, £20,082, which also shows a progressive increase. The proportion which the expenditure bears to the receipts was, in 1857, 72·9 per cent., in 1858, 63·5 per cent., and for the six months of 1859, 61·4 per cent.—thus showing a gradual diminution of expenditure from year to year. I shall now advert to the traffic: On the Southern line, in 1857, it amounted to 19,288 tons and 329,527 passengers; in 1858, 26,388 tons and 344,752 passengers, and for the first six months of 1859, 14,775 tons and 172,608 passengers—which is also a progressive increase. On the Northern line, which has not as yet developed itself so much as the Southern, the gross receipts for nine months of 1857 (the time it was open for traffic) were £4,451; for 1858, £11,470; and for the first six months of 1859, £5,770. The net receipts of the Northern line, after paying all expenses of working, and (in proportion to its length) half the expenses of the head office, have hitherto been nothing. That line, therefore, contributes nothing at present towards the payment of interest on the capital. This has arisen in a great measure from the keen competition of the Hunter River steamers, which deliver goods at Morpeth for the same charge as that made at Newcastle. Besides this, goods are carted cheaper from Morpeth to Maitland than they can be conveyed from Newcastle to Maitland by the train, hence the inducement to use the line from Newcastle is done away with. The traffic during the nine months the line was open in 1857 amounted to 1,559 tons and 32,393 passengers; in 1858 to 6,997 tons and 69,389 passengers; and in the first six months of 1859, 5,001 tons and 45,069 passengers; so that the committee will see that, though struggling with difficulties, this line is progressing. When it extends up the country sufficiently far to induce people to forward their wool to Newcastle, where, it is expected, ships will load direct for England, we may look for increased returns. I estimate the returns from the electric telegraphs at £15,000. The expected increase from this source will arise from new lines now in progress, which in the beginning of 1860 will be in full operation. A few statistics connected with the Telegraph department may interest the committee: In the first six months of 1858 the messages sent were 1,172, and the receipts £233 11s. 9d.; in the second six months the messages were 7,969, and the receipts £1,699 8s.; in the first six months of 1859 the messages were 17,509, and the receipts £3,488 14s. 11d. The total value of the messages transmitted during the first six months of 1859 was £3,876 9s. 11d. The receipts in cash were, however, only £3,488 14s. 11d.; the difference is accounted for in this way: Up to the middle of the year the Government had not been accustomed to pay anything for public telegrams, but a sum was now put upon the Estimates for the payment of all such messages. Of the £3,488 14s. 11d., the sum of £3,394 11s. 4d. is for the intercolonial line. The capital invested on that line up to the 30th June last, was £23,550 15s. 8d. The expenditure was £1,469 16s. 3d., and the rate of interest after paying working expenses was 16·4 per cent. per annum. The total length of all lines opened is 410 miles, capital invested £25,067 3s. 6d., expenditure £1,775 16s. 3d., and the rate of interest 13·6 per cent. per annum. This statement is a satisfactory proof of the progress of the lines already established. I take credit for a sum of £20,800 for interest on city debentures, because I have charged myself with the whole interest payable by the Government, including that on the city debt. There is one other sum with which I will trouble the committee, not on account of the amount but on account of the very considerable degree of interest attaching to the subject. It will be seen that under the head of miscellaneous I take credit for a sum of £180 as the produce of the first clip from the alpacas. I see Mr. Hay laughing at the smallness of the amount, but I would remind him that our present large wool interests had a beginning also. (Mr. HAY: I was not laughing at that.) I look on this small beginning with pleasure, and trust it may lead to the establishment of an important trade. The superintendent states that we shall have next year 600 lbs. of pure alpaca, 500 lbs. of mixed alpaca and llama, and 700 lbs. of llama wool, making in all 1,800 lbs., at 2s. per lb. The flock is in perfect health, and seems to take to the natural grasses of this country, "as tho' to the manner born." As I have now got through the Estimates, I have brought myself down to the estimated credit bal-

ance of £100,982. It has always been the intention of the Government, whenever the state of the revenue warranted us in doing so, to turn our attention to the repeal of the tea and sugar duties. The Government are prepared to do so on the present occasion, but I think the partial repeal of duties of this kind would afford no relief at all; taking off a portion is merely a deception on the class you desire to benefit. Wherever possible, the entire duty should be taken off, unless the revenue derived is of such magnitude that its abolition entirely would be seriously felt. I have stated that it is the intention of the Government gradually to repeal the duties on tea and sugar, and it is necessary they should be repealed gradually, for several reasons—one of which is, that merchants, storekeepers, and others who have laid in stocks of these articles on the faith that the present duties would be maintained, at all events for some time to come, would have a right to complain if the Government depreciated the value of such property by a sudden abandonment of the duty. It has not been thought too strong a phrase to call such a step as this a robbery, which I really think it would be. Another reason why the tax ought to be reduced gradually is, that it is desirable to do away, as far as possible, with all inducement to keep the articles in bond until the duties expire. If there is to be a great and a sudden reduction in the duty on any article it will always be found that stocks of that article will gradually accumulate in bond—that parties will go on from hand to mouth, paying duty on only just so much as is necessary for immediate consumption, in order to save the duty at the close of the period. Our object, then, is to make this reduction gradual, so that it shall not be worth a trader's while to retain stocks in bond. Acting on this view of the question, we propose the following stages or terms of reduction; that the first stage or term in tea should begin on the 31st March, 1860, and that, from that date to the 30th September, 1860, the duty on tea should be 2d.; that from the 30th September, 1860, to the end of the year, it should be 1d., and that at the end of the year the duty on tea should cease altogether. That is our proposal with regard to the tea; then as to sugar, we propose that the same dates or terms should be employed; that from the 31st March, 1860, to the 30th September, 1860, the duty on refined sugar should be reduced to 5s., on raw sugar to 3s. 4d., and on molasses to 2s. 3d.; that from the 30th September, 1860, to the end of the year, the duties on refined sugar should be 3s. 4d., on raw sugar 1s. 8d., and on molasses 1s.; and that after the end of the year the duty on sugar should cease and determine. Then of course I must regulate the drawback on these commodities step by step, falling as the duties fall. In taking off the duties on sugar I am on the other hand about to raise the duty on Colonial made spirits in a corresponding degree. The difference of duty now between the Colonial made and imported spirits is 7d. per gallon; and the reason for this difference at the present time is obvious, since the Colonial spirit-makers now pay duty on the sugar from which their rum is made. If therefore the Colonial and imported spirits were now to pay the same duty, the Colonial manufacturers would in fact be paying a higher duty than the importers. But they are now relieved to the extent of the duty on sugar. This being the case, it follows that if we reduce the duty on sugar from which Colonial spirits are manufactured, we should raise the duty on Colonial spirits, the rise taking effect at the terms or stages of the reduction on sugar; so that, from the 31st March, 1860, to the 30th September, 1860, the duty on Colonial spirits will be 6s. 7d., instead of 6s. 5d. per gallon. For the next stage—from the 30th September to the end of the year—it will be raised to 6s. 10d.; after that time the duty would be the same as that on imported spirits—namely, 7s. per gallon. Thus, all the duties on tea and sugar will end on the 31st December, 1860—that is, if the reductions I propose are agreed to by the committee. The resolutions which I intend to propose I now beg to lay before the committee; but I do not wish to take any opinion on them this evening. Besides the resolutions which refer to the tea and sugar duties there are others for raising money by loan for railways, electric telegraphs, and public works, as well as to pay off debentures falling due in 1860. I do not expect that the House, which has already had a very long discussion on the tea and sugar duties, will think it necessary to go at full length a second time into the subject If, therefore, the committee is prepared to deal with this matter at once, I shall be quite satisfied to

go on with the resolutions; otherwise, however, I shall merely lay them on the table, and bring them forward on some future occasion. This then is the statement of the affairs of the country, which I was so desirous of laying before the committee; and I think that hon. Members will agree with me that the statement I made in commencing this address is not exaggerated, and that our financial position will be found to be highly satisfactory. The committee will see also that the Estimates of expenditure have been framed in as economical a spirit as the requirements of the Public Service would permit. I am desirous that these resolutions should be printed for the convenience of the committee before they are taken into consideration; and as such a course has been suggested to me, I am willing to meet the wishes of hon. Members. The following are the resolutions:—

That in lieu of the duties of customs now chargeable on tea imported into this colony, the following duties shall be charged—that is to say, upon every pound of tea, from and after 31st March, 1860, to 30th September, 1860, inclusive, 2d. From and after 30th September, 1860, to 31st December, 1860, inclusive, 1d. After which date the duties on tea shall cease and determine.

That in lieu of the duties of customs now chargeable on sugars and molasses imported into this colony, the following duties shall be charged—that is to say, upon every cwt. of sugars and molasses, from and after 31st March, 1860, to 30th September, 1860, inclusive:—On refined sugars, 5s.; raw sugars, 3s. 4d.; molasses, 2s. 3d. From and after 30th September, 1860, to 31st December, 1860, inclusive:—On refined sugars, 3s. 4d.; raw sugars, 1s. 8d.; molasses, 1s. 1d. After which date the duties on sugars and molasses shall cease and determine.

That, in lieu of the drawbacks now allowed upon the exportation of refined sugar made in this colony, the following rates shall be allowed—that is to say, from and after 31st March, 1860, to 30th September, 1860, inclusive, upon refined sugar having been duly clarified and thoroughly dried in the stove, and being of a uniform whiteness throughout, at the rate of for every hundred weight, 5s.; upon refined sugar known as bastard sugar, at the rate of for every hundred weight, 3s. 4d. From and after 30th September, 1860, to 31st December, 1860, inclusive, upon refined sugar having been duly clarified and thoroughly dried in the stove, and being of a uniform whiteness throughout, at the rate of for every hundred weight, 3s. 4d.; upon refined sugar known as bastard sugar, at the rate of for every hundred weight, 1s. 8d. After which date the drawbacks allowed on the exportation of refined sugar made in this colony shall cease and determine.

That, in lieu of the duties now payable upon spirits distilled within the colony, the following duties shall be payable—that is to say, upon every gallon of spirits made or distilled from sugar, from and after 31st March, 1860, to 30th September, 1860, inclusive, 6s. 7d.; from and after 30th September, 1860, to 31st December, 1860, inclusive, 6s. 10d. After which date the duties payable on every gallon of spirits made or distilled from sugar within the colony shall be seven shillings.

That a sum not exceeding £88,370 be raised by the sale of Government debentures, to be expended during the year 1860, in the construction of railways, viz., for valuation of land, works in progress, trial surveys, and new works, as set forth and specified in pages 71 and 72 of the Estimates of Expenditure for that year.

That a sum not exceeding £154,442 be raised by the sale of Government debentures, to be expended on certain public works, in the year 1860, as set forth and specified in the Estimates of Expenditure, under head No. 7: "Electric telegraph branch to be provided by loan," page 74; and "Harbours and river navigation public works to be provided for by loan," page 80.

That a sum not exceeding £28,507 be raised by the sale of Government debentures, to be expended on certain public works in the year 1859, as set forth and specified in the further Supplementary Estimate of Expenditure for the present year, under the head, No. 6, "Public works to be provided for by loan," page 7.

That the sum of £365,600 be raised by the sale of Government debentures, to pay off a like amount of Government debentures to fall due in the year 1860.

THE HONORABLE SAUL SAMUEL

(Now SAUL SAMUEL, Esquire, C.M.G.)

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE SAUL SAMUEL, made 8th December, 1859.

[*From the Sydney Morning Herald of 9th December*, 1859.]

LEGISLATIVE ASSEMBLY.

Thursday, 8 *December*, 1859.

FINANCIAL STATEMENT.

MR. SAMUEL, in moving that the sum of £80,784 4s. 9d. be granted out of the Consolidated Fund of New South Wales, to meet the supply granted to Her Majesty, spoke as follows: I take, Mr. Piddington, the earliest opportunity that the forms of the House will permit to state to the Committee the estimated expenditure for the year 1860, and the manner in which I propose to provide ways and means to meet it. I feel that I labour under some disadvantage in so soon following the honorable Member for West Maitland, who recently made a similar statement to the Committee; but I trust that when I have concluded I may be so fortunate as to have made my statement in as clear and lucid a manner as did that honorable gentleman. It is only two short months since the honorable gentleman made that statement, and it is therefore unnecessary that I should take up the time of the Committee in travelling over precisely the same ground as my predecessor then travelled over. The honorable gentleman on that occasion informed the house of the state of the commerce of the country, and of many other matters which it is hardly necessary that I should now refer to, as they must be fresh in the memory of honorable Members. I shall endeavour to confine my observations to-night as closely as possible to the matter immediately before us—I mean the estimated revenue and expenditure for the coming year. I regret that the statement I have to submit to the House does not exhibit so large a surplus as that which was shown by the honorable gentleman opposite, but I shall endeavour briefly to point out how the difference has arisen. It will no doubt be still in the recollection of honorable Members that in the statement of the honorable gentleman he estimated his surplus in round numbers at £101,000; my surplus is only £16,359 8s. 9d. This difference has been occasioned by several causes, the most important of which is the separation of the new colony of Queensland; and I regret to state that after deducting the estimated expenditure from the estimated revenue a balance is left in favour of that Colony of £33,463, which is to that extent a loss to our revenue. If honorable Members will refer to statement No. 7 A they will find a detailed estimate of the revenue that would have been derivable from the District of Moreton Bay (now the Colony of Queensland) in 1860, the amount of which I have had to deduct from the estimated revenue of this Colony. The amount of the probable revenue of Queensland for the ensuing year is £133,107, while the expenditure, as extracted from the Estimates of the late Government, is £99,644, leaving the balance I have just stated. I may as well state here that, in consequence of that separation it has been necessary to re-frame the Estimates, more for the convenience of dealing with them than for any other cause, because the whole of the items relating to Moreton Bay are mixed up with other items, and it would have been inconvenient to have dealt with them in that form. That is the principal cause why these Estimates have been reprinted; but it has also been done in order to balance them with those of the honorable gentleman opposite. In another statement hon. Members will find an estimate of the whole revenue derivable from the colony, as it stood before the separation of Queensland, and this statement I may at once say is precisely similar to that of the honorable gentleman opposite. Although the amounts are exactly the same, I cannot be accused of having borrowed his figures, because the same sources from which he derived his information, namely, from the operations of previous years, and the heads of the various departments, were those which

were open to me. For instance, I applied to my honorable friend the Minister for Lands to furnish me with a statement of what would probably be the land revenue for the ensuing year upon which he put himself in communication with the Acting Surveyor-General, with whom I have also been in communication myself, and the result was that I received an estimate (based upon the existing land law) precisely the same as that furnished to my predecessor. I cannot, therefore, be charged with borrowing the honorable Member's figures any more than with borrowing his speech. I make this statement to show that I have endeavoured to ascertain whether the estimated revenue of my predecessor was to be relied upon, and I have no hesitation in saying that I believe it to be a fair and just estimate of the sums likely to be derived, in 1860, from the various sources of our income. As I before stated, the surplus brought down by the honorable gentleman was £101,000, from which, deducting the deficiency occasioned by the separation of Queensland, the balance will be £67,519. I have now to account for the difference between that sum and the balance that I have brought down, viz.: £16,359 8s. 9d.; and if honorable Members will bear with me for a short time, I will endeavour to give them the figures as nearly as I can, and shall afterwards be happy to give them any further details that may be desired. The honorable gentleman's balance was £100,982. To that I have added £8,000 as a further saving on an appropriation for steam postal service *viâ* Panama, after reserving £2,000 thereon for any expenses that are likely to arise. Then there is a difference of £15,943 17s. 1d. between the further Supplementary Estimate for 1859 of my honorable predecessor and the amount passed by the Assembly. This sum added to the £8,000 makes a reduction of expenditure to the amount of £23,943 17s. 1d. This would have increased his surplus to £124,925 17s. 7d., from which I deduct £33,463, the excess of revenue over expenditure, consequent upon the withdrawal of the Queensland items. We have, however, an excess of additions over deductions in my honorable predecessor's estimates for 1860 of £48,511, and I will explain how this addition occurs: The ordinary way would have been to have had the sum brought down by an additional or a Supplementary Estimate, but the later period at which our Estimates were prepared has enabled us to include some of these amounts; others would have been thus brought down by the late Ministry. Then there is one amount which I have transferred from the Loan Account to the General Revenue Account—that of £3,000 for a deodorising apparatus, which I thought we were not justified in putting down to the Loan Account, and have therefore transferred it to the General Revenue Account. There is also an additional Supplementary Estimate for 1859 of £14,587 8s. 10d., which has been brought down and laid on the Table of the House. That amount includes the sum of £7,500, again submitted as compensation to Mrs. Want. I now come to an entirely new item in this colony—that is a sum of £12,005, which I propose to set aside as an investment to meet debentures, which we shall necessarily have to issue. I am anxious to make a few observations to the Committee on this subject, but before doing so it will be better, perhaps, that I should explain some of the most important new items on the Estimates, and show how the additions and deductions have occurred. In the first place the Government have felt it their duty to place £50,000 upon the Estimates for increased gaol and workhouse accommodation in those parts of the country where Courts of Quarter Sessions are held; and I may state, for the information of honorable Members, that, where there is not adequate accommodation of that kind at present, the operation of these Courts has been modified so as to prevent the inconvenience which was felt on that account. This is one of the largest items the Government has put on the Estimates. Another item added is one which was left as a legacy from the former Government, namely £500 as a pension to Colonel Barney. It appears that an engagement was entered into with Colonel Barney to leave his office on condition that he would receive a pension of £500 a-year. This amount was, I believe, accidentally omitted from the Estimates of the late Ministry, but, seeing that the Government was pledged to carry out this engagement, that sum has been put upon the present Estimates. The next item of importance I come to is £600 as a salary for

a police magistrate for the city of Sydney. As this matter was so fully discussed a day or two ago it is not necessary to delay the House now by any additional arguments in its favour. There is one item of £10,000 which the Government has taken off; this was intended to provide for the new education scheme of the late Ministry, but as the present Government do not intend to interfere with the existing systems of education until the question can be dealt with in a proper manner, the amount has been withdrawn. The sum I have referred to as a balance of the deductions and additions—namely, £16,359 8s. 9d.—is arrived at in this way: deductions from the expenditure, £108,566 8s. 10d.; additions to the expenditure, £124,925 17s. 7d.; thus leaving the above-stated balance of additions in excess of reductions. Now, I will go back to the item of £12,000, to be made an annual charge upon the Consolidated Revenue Fund, for the purpose of paying off at maturity the debentures which we shall be compelled to issue during the present year. These debentures are intended to provide for Public Works —(of course subject to a vote of the House)—to the extent of £200,000, and to pay off debentures falling due in 1860 to the amount of £365,600. Hon. Members will not deny that the system which requires debentures to be paid off by the issue of others is a bad one, being in fact nothing more than renewing our bills. It is the last resource of individuals to borrow money in order to meet their liabilities, as it only results in getting them further into debt. I can hardly conceive that there is a difference in our case, when having to meet engagements at a certain time, we make no provision for doing so. As I think the principle of borrowing without some provision for repayment is unsound, I propose to invest this £12,000, the interest on which should be set aside to meet the proposed loan. An annual sum of £12,000 would, at the current rate of interest, pay off the loan in twenty-six years; and the debentures having a currency of thirty years would afford ample time to pay off the amount. If therefore we set aside 2 per cent. of the gross amount of the liability we are about to incur, and upon that obtain an interest of 5 per cent. for thirty years we would gradually extinguish it. I hope therefore hon. Members will take this into consideration. I am aware that there is a great objection to sinking funds; but we are not open here to the same objection in this respect as they are in the mother country. We have no war taxation, and our loans are principally for public works, which are reproductive. I feel, too, that if we make an engagement for a certain period we ought, at the same time, to make provision to meet that engagement. I know that sinking funds are objected to on the ground that they are liable to be used for other than the originally intended purposes. This however is rather an argument in their favour, as the money which would be constantly accumulating, could in the event of any extraordinary necessity arising be placed at the command of the Treasurer, and thus obviate the necessity for borrowing that which he otherwise could not raise without much delay and inconvenience. It is proposed that Government Debentures should be purchased to the amount of £12,000, retained in the Treasury, the interest regularly taken into account, and that interest reinvested. I think the question a simple one, and without a practical difficulty—still I am open to conviction; and if any hon. Member can show that the proposition is objectionable I am not so wedded to the scheme as not to be prepared to give way. I have no hesitation in expressing my belief that such a scheme, if carried out would raise the value of our securities in the mother country. There are £365,000 worth of debentures falling due next year, and we are now at the end of 1859. Imagine what would have been our position now if we were subject to the same fluctuation in the money market that we were a few years ago, when our debentures would not go off at any price. I ask the House to consider my proposition well, and say whether it is not our bounden duty to make provision for our engagements. Now I come to another very important question: Hon. Members will see that our surplus is very small indeed. Such a surplus as that we have to show, I regard, I regret to say, almost as a deficit, and I hope, when dealing with the Estimates, honorable Members will try to make as large a reduction in the general expenditure as will be consistent with the efficiency of the Public Service, and to that extent we shall be prepared to go with them. It is not our intention to interfere with the present

taxation of the country. I am fully alive to the necessity for its revision, and sensible that it requires great improvement. I am also prepared to go with those gentlemen who desire the repeal of the tea and sugar duties, if it can be shown how we can provide an unobjectionable substitute. I am of opinion, too, that the gold duties should be abolished, but this would involve a loss of revenue which I do not see my way clear to make up, and I am not willing to come down to the House with a revenue insufficient for carrying out the improvements of the country; for if it is to make any progress at all, the people must be prepared for an increase of taxation. Still, I am desirous of seeing taxation placed where it can best be borne, that is, upon property. It is not fair, however, to expect that questions of such magnitude and importance could be decided during the one short month we have been in office. We should have been working in the dark, and guilty of a dereliction of duty to the country. We did attempt to go through the Estimates, with the object of making reductions, but on all hands we were met by impossibilities; and, having had so brief an opportunity for carrying this out, we could not rashly strike our pen through items without having given them the consideration they deserved. This could not be expected. (Mr. JONES: It was expected.) Then such an expectation was unreasonable; and I would rather resign my office this night than undertake such a duty. I have already come to the conclusion that I am not in a bed of roses, and rather than be badgered by hon. gentlemen opposite, I would at once give up my position as Minister were it not that I feel my duty to the country requires that I should retain it. Their conduct may in their own minds be perfectly justifiable, and I give them credit for thinking so; but they may be mistaken, and we are at issue, though they may consider themselves right on every important question. I can say this, however, that, as far as I have gone with this statement, I am indebted to hon. Members for the patient hearing they have given me, and that there has been no want of courtesy on the part of any hon. gentleman in the House. I do not mean to go over the ground again with reference to the loss the revenue would sustain, by the repeal of the tea and sugar duties. I have no doubt the hon. gentleman opposite thought he was right in proposing that repeal. (Mr. ROBERTSON: It was the Premier who proposed it.) However that may be, I am dealing with the hon. gentleman opposite, who proposed to sweep away £150,000 of revenue by taking off these duties, and I will show that he was not justified in doing this unless he provided a substitute from some unobjectionable source. He would reduce the revenue by the withdrawal of these duties, at the same time congratulating the country upon the flourishing statement of its finances, as made by the late Colonial Secretary in his exhibition of a large credit balance, while the separation of Moreton Bay swept off that, and left no surplus at all. I do not want to make the position of the country one jot more serious than what it is, for I think its resources, aided by systematic reductions, will meet all our requirements, as well as provide for any emergency that may arise; but to secure this we will certainly require a wise and discreet treatment of our finances. If our reductions are to be made wisely they must be made deliberately and guardedly. The late hon. Premier told us that the separation of Moreton Bay would make no difference in our revenue. I speak subject to correction, but that was, I think, the statement he made. But it has made a difference, and one that would increase every year. (Mr. IRVING: You have not made any allowance for what is voted for Moreton Bay.) If the hon. Member had listened to me he would have found that I did make that allowance. I think I went fully into the question, but if I did not succeed in making it clear to hon. Members I much regret it. I will now draw my observations to a close. I have not gone, perhaps, so fully into the details of the list of figures as I might have done, but I had no wish to tire the House by a reiteration of the figures which the hon. Member (Mr. Weekes) went into so fully only two months ago; but if hon. Members wish me to go into the statement again I have the information before me, and will give it to the House. In concluding I have again to thank the committee for the patient hearing they have given me. I now beg to move the resolution which I have read to the House.

NEW SOUTH WALES.

The Financial Statement of the Honorable Elias Carpenter Weekes, made 31st January, 1861.

[*From the Sydney Morning Herald of 1st February*, 1861.]

LEGISLATIVE ASSEMBLY.

Thursday, 31 January, 1861.

FINANCIAL STATEMENT.

Mr. WEEKES, in rising to propose certain resolutions, said: Mr. Wisdom, I am desirous of taking advantage of this opportunity of submitting to the Committee the financial condition of the colony. In a previous Parliament I had the honor of making a statement of the affairs of the colony at that period; and the statement I have now to make is based upon nearly the same set of figures, with the exception that I shall now be able in many cases to state the actual instead of the estimated sums. To many hon. Members, therefore, much of what I am about to say will almost seem like a "twice-told tale." It will be necessary, however, that I should briefly go through most of the points to which I alluded when I laid the budget of 1861 before the late Assembly. I am particularly desirous of doing this at the earliest possible time because, as the committee are well aware, there have been no lack of gloomy forebodings as to our real position. If we were to trust the statements we hear in some quarters, we must believe that we are really almost in a state of insolvency; but I think I shall be able to show the committee before I sit down that, so far from that being the case, the financial affairs of this country are in a sound and healthy condition, and that the anticipations which have been made respecting our affairs, and the degree to which our credit will be shaken when these affairs become known, will be found to be utterly groundless. I shall be able to show the estimation in which the capitalists of the world hold this colony. That I think, is one of the best tests we can apply. But before I proceed further, I will just refer to the revenue and receipts of the colony of New South Wales, from 1851 to 1860. The total revenue and receipts for 1851 were, in round numbers, £400,000; in 1852, £532,000; in 1853, £820,000; in 1854, £993,000; in 1855, £1,002,000; in 1856, £1,101,000; in 1857, £1,156,000; in 1858, £1,367,000; in 1859, £1,510,000; and in 1860, £1,317,000. Now, sir, the Committee must bear in mind that the revenue of the last year—£1,317,968—is the revenue of this colony after having been deprived of an entire province. It is the revenue of the colony exclusive of Queensland. I think the Committee will see that that is a state which may be considered highly favourable, and I have no doubt that whoever may have the task of submitting the Estimates for another year to the House will be able to show that we have retrieved altogether the loss we temporarily suffered by the deprivation of Queensland. It will perhaps be interesting to the Committee that I should here say a word respecting our public debt, which they will find from the Ways and Means is about £3,819,730—that is, that debentures to that amount have been sent from the colony. The whole of them, however, have not yet been placed in circulation. Some £500,000 or £600,000 are still remaining on hand and are to be disposed of from time to time by the Oriental Bank. The way in which our

debentures have hitherto been disposed of, and the high value the capitalists of England appear to attach to them must be very gratifying. In 1858-9 (without troubling the committee with details) the debentures ranged from 97¾ to 103. £813,000—(debentures) have been sold, and realised £816,778 12s. 6d. In the year 1860, which has just terminated, the debentures sold by the Oriental Bank, London (so far as we have advices) were £37,100 at 98; £122,100 at 99½; £104,800 at 99¾; £66,600 at par.; £71,500 at 100¼; £81,900 at 100½; £16,000 at 100¾; £55,700 at 101; and £5,200 at 102. I think that when we find our 5 per cent. debentures bearing this excellent price in the market of England it must be a convincing proof not only that English capitalists have the greatest confidence in the vast resources of this colony, but also in the wisdom and prudence of its legislation. Because, Sir, I am quite satisfied that if capitalists saw that we were prone to rash, hasty, and intemperate legislation—whatever regard they might have for the natural riches of the country—they would hesitate before they embarked in any investment connected with the Colony. Therefore, I think confidence in our financial condition and resources goes hand in hand with confidence in our legislation. I will now proceed to a statement of the accounts current of revenue and expenditure. The only matter I am desirous of calling attention to in the account of 1859 is that the figures have been already adopted—they being the actual amounts. There is an item in that account of £177,025 6s. 11d. called "savings on votes of Parliament." I am desirous now of drawing the particular attention of the Committee to this item, because I wish it to be thoroughly investigated. I desire that the Committee may have their minds disabused of the imputations which have been cast upon these accounts, that they were simulated and not to be depended upon. I think I shall be able to show to the satisfaction of the Committee that this item is a legitimate one, and that it is proper it should be stated to the House and deducted from the expenditure. And to show the Committee that this is no novelty that the present Government have discovered in dealing with the accounts, I may state that ever since Responsible Government has been introduced, every Minister who has dealt with the finances of the country has felt it his duty, in order to lay a correct and clear statement before the Assembly, to point out sums either saved or not required. On August 21st 1857, Mr. Donaldson submitted his Budget of Ways and Means to the House, and I have copied the remarks made by that honorable gentleman in allusion to this particular class of items. In Committee of Ways and Means, Mr. Donaldson took credit for £30,000 which he described in this way:

"Amount of appropriations for 1857 was £1,103,940 15s. 11d. I have the satisfaction of informing honorable Members, however, that of this last amount the Government have not been under the necessity of appropriating some £30,000; and this may be said to have been saved to the country. The saving here named has arisen in this way."

In the savings to which I am now referring, there is an item of this character to which Mr. Donaldson is now about to allude:

"The amount for interest on debentures was estimated at £130,000, but the interest account has been much less than was anticipated; and under this head alone something like £20,000 have been saved. Further than that, a sum of £10,000 had been saved out of the votes passed by the House, but not appropriated. Of this last sum nearly one-half consisted of votes for pensions to the Judges, none of which has been required."

I think the House will see that the items he includes in that £30,000 are of necessity saved. They were sums voted for that current year. In the Estimates for that year £130,000 was put down as interest on debentures, but the debentures issued in that year were so much smaller in amount than was anticipated that the whole of that £130,000 was not required. They saved £20,000 on interest alone, and is that to be continued as an apparent charge to that year, and so accumulate year after year? Is it not an honest and candid way to come down to the House and say—in carrying out your views we have saved £20,000 on this item, which we have put down to relieve the revenue side of the account? We do not attempt to use the money we derive from savings for any other purpose than that which the House directs. There was a time—in the good old days—when these savings which we now

come down and place at the disposal of the House were used by the Government for works which had not been sanctioned by Parliament. On a committee of inquiry being held in reference to those matters it was found that many thousands of pounds out of the savings on other votes had been used for works which had never been sanctioned. No one can deny that that was a most improper and unjustifiable mode of using the public money. But it is very different in this case. We come down and say—you instructed us to carry out certain works in a certain mode, and placed certain sums at our disposal for that purpose. We gave instructions to carry out those works, and by careful spending, by economical contracts, by watching and controlling the expenditure of the public money, we find we are able to save out of those works—sometimes a large sum and sometimes a small sum; but whatever those sums may have been they have accumulated, and would only burden that side of the account if they were not disposed of in the way I have submitted them to the House, because they could never be spent. The works for which the various amounts had been voted were completed, and the savings were now placed at the disposal of the House. I hold in my hand a statement of the particulars of the amount of savings on votes of Parliament in continuation of those shown in the account current for the year 1858, prepared by the Auditor-General, and I will enumerate some of the items. One prominent item is £50,000 for steam communication *viâ* Panama. That sum was placed on the Estimates for the service of the year 1859, and had the Panama route been established it would have been used, but the line had not been opened. Were we therefore to let the account be charged with £50,000 for that year, and £50,000 for the current year? Ought we not rather to come down and say that the £50,000 for 1860 has not been required? From a variety of causes savings must accrue from almost every department; and the savings of a department in any one year cannot be applied to the service of that department in the coming year, because a fresh vote is taken from year to year. What then are we to do with the savings, except come down to the House and say that we have effected those savings, and by removing them from the expenditure side relieve to that extent the revenue side of the account. There was a large sum appropriated for paying the Colonial allowance to the military and naval forces for 1860; but those forces for the most part have been away from the Colony during the last twelve months, and therefore they could have no possible claim to that allowance. The greater part of it is consequently saved to the Colony as the troops have not been here to earn it. They have been engaged in other services, and are not entitled to it. Surely, then, it is a proper course to deduct that from the expenditure side and relieve the revenue to the same extent. The Committee will see by running through the various items, that the savings have been made under various heads; even in the schedules, particularly that in which the pensions are appropriated, large sums are not required, and in Mr. Donaldson's time none at all, because there was no judge on the pension list in those days. Under these circumstances I trust the Committee will admit that this is a perfectly legitimate way of dealing with these items, for unless they are to remain on the expenditure account, with no effect whatever, since we are not able to use these amounts in another year, I contend that we are perfectly justified in using them to relieve the revenue of the present year. I am quite free to confess, Sir, that the estimate which was framed of the revenue for 1860 has not been realised, but I think before I sit down I shall be able to give a satisfactory elucidation of the falling off—the temporary falling off, as I believe it to be. The original estimate, submitted in October, 1859, of the revenue of 1860 amounted to £1,665,339. Subsequently, however, the separation of Queensland occurred, and my predecessor in office, Mr. Samuel, estimated the amount to be deducted on account of that separation at £133,107, leaving a net estimated revenue of £1,522,232. The actual revenue received, however, has been £1,317,968, being an increase in items estimated of £49,968, and a decrease upon other items of £254,233, making a net decrease on the Estimate of £204,265. The first item of decrease is in the Customs Department, and this my predecessor estimated to be, from the withdrawal of Queensland, £35,000. In making this

estimate there were at the time very little data to go on, and the result has shown that the amount has been much underrated, for by a return which I have obtained from the Collector of Customs of Queensland I find that the Customs revenue of that colony for 1860 amounted to £58,000, instead of £35,000. Now, if credit had been taken for the larger amount instead of the smaller, it would have reduced the difference between the actual and the estimated amount of revenue to some £5,000 or £6,000 only. I am willing to admit that the Land revenue for 1860 has exhibited a very serious falling off, amounting to no less a sum than £164,361; but I am in a position to throw a little light on the cause of that deficiency: When the Forster Government were in power, they, for some reason—no doubt a very good one—permitted the land sales to come almost to a dead stop; and the consequence was that when the present Ministry entered upon office, the close of the first quarter of 1860 showed a great falling off, the amount received being only £20,327, as against £72,128 received in the first quarter of 1859; thereby showing a deficiency of £51,800 in this one quarter only. In the quarter ending 30th June, the second quarter in which this Ministry was in power, the land sales amounted to £39,185, as against £64,278, showing a further falling off of £25,092. In the quarter ending 30th September, £36,466 were received, whilst in the corresponding quarter of 1859, £55,205; thus showing another deficiency of £18,739; and in the quarter ending 31st December, 1860, £59,327 were received for land sales, as against £61,015 received in the last quarter of 1859, thus showing a decrease of only £1,678; so that the revenue from sales of land was, at the close of the year, fast overtaking the amount at which it had been estimated; and I have no hesitation in saying that had this Government been in office so as to have started with the land sales from the commencement of the year instead of at the close of the first quarter, we should have absolutely overtaken the amount of the preceding year, as the proceeds of land sales for the month that has just expired were £18,600, or nearly as much as was received altogether in the first quarter of 1860. At the same time the Customs revenue for the first month of 1861 has amounted to £49,448, whilst in the first month of 1860 it reached only £40,553, showing an increase of £8,000 on the month. Now, with this in view, I think it may be fairly considered that the revenue on almost every point is improving. If the Committee will now turn to the Ways and Means, they will find that I commence the year 1860 with a balance of £148,056 from the preceding year. The actual revenue and receipts collected during the year amounted to £1,310,052; the amount due by the Sydney Municipal Council for interest on debentures was £49,812; and the loans authorized to be raised for public works, and to pay off debentures, to £681,837; making together a total of £2,189,757. On the other hand, we have to set against this the amount of the Appropriation Act for 1860, £1,143,931; special appropriations of £276,833; provided by constitutional and Colonial Acts, £58,350, amounting in all to £1,479,114. From that, however, I deduct the entire sum approdriated for the establishment of the Panama steam postal route, £50,000, as not being required by reason of the route not having yet been established. This reduces the charge to £1,429,114; to this are added the amount of £681,837, for public works, whose cost is to be covered by loans, and the Supplementary Estimate for 1860, which the House passed the other night, amounting to £56,834. These charges which amount to £2,167,786 13s. 5d., deducted from the credit side of the account, leave a balance in favour of the colony, at the close of 1860, of £21,971. With that balance I commence the year 1861, and the Committee will find that the Estimates-in-chief for the year, now on the table of the House, amount to £1,173,177; to which are to be added special appropriations amounting to £226,500, and appropriations under the Constitutional and Colonial Acts of £58,350, making together £1,458,027. There are also certain additional charges, as per memorandum accompanying the Estimates, amounting to £6,480; charges proposed to be covered by loan for public works £138,784. These charges together amount to £1,603,291 2s. 10d. On the other side we have, first, the balance of £21,971 5s. 8d. from 1860; then the estimated revenue as stated in the Ways and Means, of £1,519,844, and the

amount proposed to be raised by loan for public works of £138,784, making in all a total of £1,680,599. Deducting therefrom the estimated expenditure there remains an estimated balance at the close of 1861 of £77,309. The expenditure under the head of General Services contains several large items. One of these is the sum of £18,000 for the purpose of endowing municipalities, being an increase of £8,000 upon the amount voted last year for the same service. I will read to the Committee an account which has been drawn up, and which shows in a very fair way the progress that municipal institutions have made in this colony. The amount of endowments paid by the Government to these municipalities from their first institution up to the end of December, 1860, has been £8,386, in the following sums:—Waverley, £370; Grafton, £288; Wollongong, £789; Newcastle, £1,407; Kiama, £1,255; Shellharbor, £376; Randwick, £337; Redfern, 738; Illawarra, £304; Goulburn, £948; Glebe, 855; Albury, £450; and Orange, £234. This, I conceive, must be a most gratifying account to hon. Members—showing as it does that municipal institutions are taking fast root in the country, that applications for their establishment are daily increasing, and that the time will shortly come when every important place in the country will have its separate municipality. There is also a sum of £10,000 for the Volunteer Force, and the principle on which this sum is proposed to be expended will be submitted to the Committee of Supply in a schedule prepared for the purpose. By that schedule it will be seen that the sum, though tolerably large, will be exhausted when the Government complete the assistance they intend to give to this corps. If the movement continues additional expense may be entailed, and as the Volunteer Force may now be looked upon as an institution of the country, I have only to hope that it may progress and be as permanent as it now promises to be. There is also a sum of £8,000 for the Destitute Children's Asylum, placed on the Estimates by the wish of the House, though with respect to this service some question may arise as to the manner in which the Government ought to exercise a supervision over an establishment to which they give such a large sum as a subsidy. It has been thought that some safeguard ought to be provided for the proper expenditure of the public money by what was in reality a private and not a Government institution, established almost entirely by private contributions, and more particularly by the handsome bequest of the late Dr. Cuthill. The question for the Government to consider now is how far they ought to claim supervision over an establishment of this kind to which they were called upon to give so largely. The Benevolent Asylum of Sydney is also down in the Estimates for the large sum of £10,712; and this is placed there in consideration of public subscriptions to the amount of £1,000 only. Thus the main weight of supporting this institution falls upon the public treasury. I have here a memorandum showing how the aid received by the Benevolent Asylum from the Government has gradually crept up from the year 1851. In that year the amount given by the Government was £2,500; in 1852 it was £3,225; in 1853 it was £4,225; in 1854, £3,981; in 1855, £5,547; in 1856, £8,573; in 1857, £4,936; in 1858, £4,936; in 1859, £9,427; and in 1860, £10,881. The sums of late years, it will be observed, have become very large; but the object of the institution is such as to render it imperative on the Government to support it, and at any inconvenience to step forward and supply the amounts needed. An institution of this kind must be kept up at all times and at any cost, as it is evidently the duty of the Government to take care of the people and to prevent absolute starvation. At the same time, I conceive the Government are also called upon to see that the institution is kept in a proper state of efficiency and propriety. There are next £10,000 for taking the census, and this will have to be done by the 31st March,—a Bill for the purpose having already passed the Upper Chamber. There is also an increase of £4,000 under the head of District Courts, arising from the re-arrangement of some of the districts, with the view of appointing two additional Judges—one for the Hunter and the other for the South-western District. It has been proved that on account of the present enormous size of the districts the Courts cannot be worked efficiently or with advantage to the public. One of the districts (Port Macquarie) it is almost impossible to reach under some

circumstances. There was a necessity recently to send one of the Judges there specially by steamer, because the surf on the bar was of such a character as to render it unsafe to attempt to get there in a small boat from the steamer when crossing the bar. In one of the trips that the Judge made, the pilot boat was capsized, and one of the men drowned. I think the House will admit that the Judges should not be called upon to place their lives in jeopardy by crossing this bar once every two months. We have not been neglectful with regard to that important matter—the roads of the colony. The estimates for works of this kind amount to £170,000, including bridges; and there is the additional item of £59,000 for public buildings. For these two services there is put down a sum of £230,000. Then we have another item of £27,600, the amount of debentures falling due this year, which we propose to pay out of revenue. Only £1,000 of debentures will be due the following year; and the next would fall due in 1866, and I hope that provision in the meantime will be made from year to year, so that when that period arrives we may be able to pay off the £300,000 out of revenue, as is now proposed. There is an increase of expenditure in the printing office to the extent of £3,000, which is accounted for by the very heavy work undertaken in reprinting the Colonial Statutes. It is surprising to see how the expense of this department has increased of late years. In 1851 the working expenses amounted only to £2,500; in 1852 to £3,300; 1853, to £7,000; 1854, to £7,900; 1855, to £9,800; 1856, to £11,000; 1857, to £13,000; 1858-59-60, to £15,000. This shows the enormous amount of work now thrown upon the printing establishment. The expenses for this year are estimated at about £3,500 more than those of last year, which will make up the amount to £18,500. There is a small increase in the Customs Department. This is mainly accounted for by the appointment of two officers stationed respectively at Albury and Moama. We have already given notice of our intention to introduce a Bill to establish inland bonded warehouses, and we intend to establish bonded warehouses at Albury and Moama, and perhaps one at another point in that part of the Colony. We will also establish these warehouses in the larger towns of the interior, such as Goulburn, Bathurst, Yass, and Maitland; in fact, wherever we are satisfied there will be a sufficient amount of business to pay for the appointment of the necessary officers, as we believe it will be a great advantage to the trading community of the townships in the interior. We find that the British Government, who in the last session of Parliament passed a similar measure, have now begun to appreciate the advantage. Besides the Customs establishments on the sea coast, they decided by a late Act upon establishing inland bonded warehouses, and I do not see why, with judicious and proper regulations, this advantage should not be given here to traders in country towns, as well as to traders in the capital. There is also a small increase in the Mint, arising chiefly from the purchase of fresh machinery. There is a considerable addition to the charge of the Post Office, and I am desirous of stating to the Committee how this has arisen: I have had a statement prepared showing the revenue and expenditure of this department for the past few years. In England the Post Office is a source of revenue to the Government; but here the Post Office has, with the exception of one year, been a very heavy charge to the colony. In 1851 the revenue was £18,000, and the expenditure £16,000; 1852, revenue £18,000, expenditure, £25,000; 1853, revenue £20,000, expenditure £34,000; 1854, revenue £24,000, expenditure £52,000; 1855, revenue £24,900, expenditure £60,000; 1856, revenue £29,000, expenditure £58,800; 1857, revenue £35,700, expenditure £63,000; 1858, revenue £39,900, expenditure £69,000; 1859, revenue £44,800, expenditure £71,000; 1860, revenue £45,000, expenditure £74,000—this estimate including Queensland. The expenditure for the present year will be about £80,000. The number of post offices has been largely increased of late. In 1851 the number was 101; 131 in 1852; 143 in 1853; 154 in 1854; 155 in 1855; 177 in 1856; 199 in 1857; 213 in 1858; 253 in 1859; 306 in 1860. Now the Government feel that they are only carrying out their duty in promoting the extension of postal communication and

its advantages as far as they possibly can. It is a test of the advancement and settlement of the country, and by spreading its benefits they look to the diffusion of population over the interior. The previous extensions show a satisfactory result; and the Government, with the same object in view, have recently made large additions to the number of the country postmasters, thus throwing great facilities in the way of the people in the interior. It was found that even in 1860 the Post Office regulations were carried out as regards distances in an almost arbitrary manner. For instance, the daily mails were sent only to Yass on the south, 180 miles; to Bathurst on the west, 120 miles; and to Singleton (land carriage only) on the north, 50 miles. Now, the Government thought that this should be reduced to something like system, and that the best way of doing this was by establishing a main trunk line of daily communication to the three boundaries of the Colony, and in accordance with that view they extended in 1861 the daily postal communication to Albury, 375 miles; to Orange, 142 miles; and to Armidale, 245 miles. By first arranging these grand trunk lines we can branch off right and left, and thus supply the smaller and less important localities. This, however, has tended to increase the expenditure of the department, which I trust the House will consider the Government are amply justified in proposing. Of the public works, the cost of which is to be raised by loan, there are for railway extensions, £48,269; extension of electric telegraph to the eastern boundary of South Australia, *viâ* Moulamein, Balranald, Euston, and Wentworth, £25,000; extension of electric telegraph from Goulburn to Braidwood, £4,000; new wharf, Woolloomooloo Bay, £15,265; additions to Museum, £10,000; works at Clarence and Richmond Rivers (resolution of Assembly), £20,000; works at Moruya River, £3,000; wharf at Newcastle, £5,000; steam cranes, Newcastle, £3,250; northern breakwater, Newcastle, £5,000—making a total of £138,784. Having gone through the principal items of the estimates of expenditure, I will now go over some of the items of revenue, passing over the Customs Department for the moment. The Committee will find that the Government have fulfilled the intention they expressed to the House, that they would not continue the gold duty, and therefore we have not estimated anything under that head. Although we have taken off this gold duty, we think the miners have no right to expect that the Government will bring down their gold for nothing, as now, notwithstanding. It would be injurious to the Mint to impose any considerable sum as an escort charge. The Government propose to put a charge of 2d. per ounce upon all gold to be coined, that is 2d. as opposed to 8d. an ounce when the gold is not to be coined. No doubt this will prove an inducement for miners to send their gold through the Mint. I conceive that the miners have no right to complain of the usage they have received; much has been done by the Legislature for the mining interest, perhaps more than for any other. The Government have fostered the interest of mining, believing it to be an important one, by all the means that lay in their power. The probable revenue from land I put down at £450,000. This is a large sum, but I have every confidence that this result will be realized even before the Land Bill of my honorable colleague is passed, and much more certainly will it be realized thereafter. The postage returns have increased to about £50,000, and the establishment, being put into good working order, will, no doubt, produce the amount estimated. We have put down £1,200 as the returns to be expected from the Glebe Island ferry. I mention this item because of the principle here introduced into works of this character—that is, endeavouring to make them pay the interest upon their cost. This amount will pay interest upon the outlay when the bridge is built. The work is now undertaken, and a toll will be levied wherewith to pay interest upon the money borrowed to carry it out. Keeping this principle of reproductiveness in view, there is, perhaps, no limit to which public works cannot be safely carried in this Colony. The expenditure must always be justified if the works are self-supporting. The abattoirs, I may say, are a successful speculation. The rent they are at present leased at is large, and there is no doubt that in future it will be greatly increased; the returns are now between 7 and 8 per cent. upon the outlay (purchase of land, building, &c). This is

another instance of the success of works whose value is guaranteed by their productiveness when tolls are imposed. A few of the statistics connected with the Mint may not be uninteresting to the Committee: In 1857 the revenue was £10,840, the expenditure £14,180; in 1858, revenue £18,148, expenditure £11,628; 1859, revenue £18,963, expenditure £13,377; 1860, revenue £21,629, expenditure £13,294; leaving in last year a clear balance of about £9,000. During the same periods the gold received was, in 1857, 223,215 ozs. (value, £879,181); 1858, 342,540 ozs. (value, £1,332,034); 1859, 358,127 ozs. (value, £1,380,402); 1860, 470,464 ozs. (value, £1,823,637). Last year the Mint coined 1,573,500 sovereigns and 156,000 half-sovereigns. The railway receipts did not realise what we expected of them; for the present year I have estimated them at £70,000 against the £58,000 they realised in 1860. This decrease I think may be attributed to the great reduction that took place in the tolls in the early part of 1860. There has not been that increase of traffic on the railways which the promoters of that reduction felt themselves justified in anticipating. Whether it is a prudent step to reduce the tolls beyond a certain point is a matter for consideration; the tolls are now, perhaps, placed too low. I think we ought to see that the railways return a fair and reasonable rate when we consider the immense amount of money that has been sunk in their construction, and the public should, I think, be content to pay a fair rate for travelling upon them. I have before me some statistics connected with the cost and the revenue of the railways, which I will read to the Committee. The total expenditure upon the construction of railways to the 31st December, 1860, was £1,721,005 18s. The expenditure upon lines open for traffic to the same date was, on the Great Southern line, 34 miles, £1,024,708 0s. 4d.; on the Great Northern line, 26½ miles, £526,328 17s. 11d.; and on the Great Western line, 8 miles, £169,968 19s. 9d. Since the first of July last the first section of the Great Western line, 8 miles, has been opened, and the northern line to Lochinvar, 6½ miles, making, in all, on the Northern line, 26½ miles. The gross receipts during 1858 on the Great Southern Railway were £50,119; in 1859 they were £49,712; and in 1860 they were £43,706. The expenditure upon the same line in 1858 was £34,342; in 1859, £34,296; and in 1860, £36,367. The net receipts upon that line were, in 1858, £15,777; in 1859, £15,427; and in 1860, £7,339. The number of passengers carried on the same line in 1858 was 344,572; in 1859, 331,681; and in 1860, 365,284; and the amount of goods carried was, in 1858, 26,388 tons; in 1859, 31,006 tons. and in 1860, 35,283 tons. On the Great Northern Railway the gross receipts were, in 1858, £11,457; in 1859, £12,062, and in 1860, £13,176. The expenditure on that line had been, in 1858, £9,042; in 1859, £11,625, and in 1860, £11,200; and the net receipts were—in 1858, £2,433; in 1859, £437, and in 1860, £1,976. On the same line there were carried—in 1858, 6,997 tons of goods, and 69,389 passengers; in 1859, 12,174 tons, and 94,196 passengers; and in 1860, 14,810 tons, and 147,826 passengers. On the Great Western line, since its opening in last July, the receipts have been £4,857, the expenditure £3,136, and the net receipts £1,721; the number of tons carried having been 1,402, and the number of passengers, 38,829. I have estimated the receipts of this year from the electric telegraphs at £18,000, and I think this estimate will be amply justified by the result. I am glad to say that this is one of our profitable institutions, paying a handsome return on the outlay, and which it will, no doubt, continue to pay. The receipts from the electric telegraphs up to the end of December last were as follows:—In the year 1858, £9,141; in 1859, £36,867; and in 1860, £53,026. The expenditure on the telegraphs during those years was—in 1859, £4,646; and in 1860, £8,380. The total expenditure on telegraphic works to the 31st December, 1860, was £48,798. The revenue, from the 1st January to the 31st December, 1860, was £12,128, which, after deducting £8,380 for working expenses, left £3,748, giving a net revenue at the rate of 7¾ per cent. [An hon. Member: "For the whole of the lines?"] Yes, for the whole; one line feeds another, so that you must look at the working of the telegraphic system as a whole before you can tell whether one line is profitable and another unprofitable. [Mr. PARKES: "That hardly applies to the South Head

line."] The South Head line was established for a peculiar purpose, more, perhaps, with a view of saving life; but whether that particular line pays or not, I think in the interests of humanity it ought to be maintained. We might get important intelligence at the dead of night, when there was no other means of getting news, by which we might save a shipload of valuable lives. The following telegraph lines are in progress:—From Gundagai to Deniliquin, 220 miles, which is completed from Tarcutta to Wagga Wagga; from Orange to Mudgee, 97 miles, which is completed from Bathurst to Sofala; and from Maitland to the boundary of Queensland 400 miles, the first section of which is completed to Singleton, and the second completed from Murrurundi to Armidale. The total number of miles open is about 831. The number of messages transmitted for money orders since the 1st of July, 1860, was 382, and the amount received was £2,941. That is, perhaps, a satisfactory result of the use of the electric telegraph station as a money order office. It was used extensively when Kiandra was first opened as a gold-field, and I have no doubt that in its further operation it will be found extremely useful to the colony. I have a return before me showing the practical progress of the coal mines in this Colony. In 1856 we exported 84,000 tons of coal, of the value of £65,730, and in 1860 our exports of that produce amounted to 233,877 tons, being of the value of £183,761. If the Committee will now turn to the Customs item on the revenue side, I will state the arrangements which the Government propose to make with regard to the revenue. It is the intention of the Government to take off by three stages during the present year, the duty on tea, by two gradations; they intend to reduce the duty on tea so that it shall terminate entirely at the close of the present year—that on and after the 31st March next to the 30th of September, the duty on tea will be 2d. per lb., and that it will be 1d. per lb. from the 1st of October to the end of the year, when it will cease altogether. These steps are taken, as honorable Members will see, in order to protect those who have laid in stocks of tea, and have just paid the duty to the Government, and who would suffer if the tax were too suddenly altered. A similar period was always given where taxes were going to be abolished. It has always been the desire of the Government to take off this tax whenever they could see their way to do so, but I am not able on this occasion to deal with the sugar question, and I am confining myself to the repeal of the duty on tea only. That will occasion a loss during the present year of about £24,000, and I anticipate that by the reduction I am now proposing, the revenue from tea will be £21,000 instead of £45,000, which would accrue were the tax not taken off. I purpose to substitute for that tax an equalization of the spirit duties. At the present time brandy and gin pay 10s. a gallon duty as well as liqueurs, cordials, and strong wines, while whiskey, rum, and perfumed spirits pay 7s. a gallon. Now I think few will deny that if we take off the duty on tea, by equalizing the duties on spirits, in order to enable us to do that, we should make a good exchange. We shall by that means assimilate our tariff in a great degree to that of the neighbouring Colony of Victoria. Although I do not attach the vast importance to that result which some persons do, yet I do attach to it some importance; and this alteration may possibly be a step in the direction of one uniform tariff throughout the Colonies. I must say that I am not very sanguine of a matter of that kind being carried out; still it is one step which would enable us to negotiate the matter, should we ever have the opportunity. I do not see why the duties on whiskey and rum should be at a lower rate than those on brandy and gin; and as the equalizing the duties on whiskey and rum with those on brandy and gin will enable the duty on tea to be taken off, I hope the Committee will support the resolution I am about to submit. Of course the same duty will be placed upon Colonial distillation, and the same allowance which the distillers now get will be retained, which is 7d. a gallon upon spirits distilled from imported sugar. There is at present a differential duty of 7d. in favour of the Colonial distillers—that is, they now pay for what they manufacture a duty of 6s. 5d. a gallon, instead of 7s., as they have to pay a duty of 7d. on the amount of sugar requisite to produce a gallon of spirits. The differ-

ential duty will therefore be retained, and the duty will be 9s. 5d. a gallon, instead of 6s. 5d. It will be necessary when the Bill is introduced, in order to give effect to this resolution, to have the ordinary clause inserted to protect parties who may have made contracts for the delivery of spirits at the present prices. There is always a clause introduced into such measures for enabling the purchaser and the seller to arrange for the increased duty, so that no man can say that the Government have injured him by an increase of the duty when he was bound to deliver a large quantity of spirits at the lower rate. Having made that statement, it will be necessary that I should ask the Committee to come to a vote on this resolution to-night. It is the practice at Home when the House of Commons, by a resolution in Committee, fixes any scale of taxes relative to the Customs, that the alteration takes effect from that moment; and the practice is absolutely necessary unless you close the Custom House while the proposition is being debated. Unless you do that you will be defeating the very end you are contemplating; because everybody who holds those articles in bond, knowing that the Government are about to put on an additional tax of 3s. a gallon would take every gallon of rum and whiskey out of the bonded stores, and the Government would thus lose a large portion of the money they expected to gain by the alteration. It follows therefore that the resolutions should take effect from the very moment that they are agreed to. If the Committee pass the resolutions to-night, when the Custom-house opens to-morrow the duties will be equalized. It is for that reason that I beg the Committee to give me this consideration, and to vote in favour of these propositions to-night. The Bills perfecting the resolutions will be subsequently brought in, but unless the Government are defeated in their scheme the resolutions must take effect from to-night. The propositions that I shall move are as follows:—

That it is the opinion of this Committee that, in lieu of the duties now payable under the Act 19 Vic. No. 14, on the several descriptions of imported spirits there shall be levied duties, on spirits or strong waters of any strength not exceeding the strength of proof, by Sykes' hydrometer, and so in proportion for any strength any greater or less strength than the strength of proof, at the following rates for every gallon, that is to say, brandy, gin, whiskey, rum, and all other spirits, ten shillings. On spirits, cordials, liqueurs, or strong waters, sweetened or mixed with any article, so that the strength thereof cannot be ascertained by Sykes' hydrometer, for every gallon, ten shillings. On perfumed spirits, for every gallon, ten shillings. On wine containing more than 25 per cent. of alcohol of a specific gravity of ·825, at the temperature of 60 degrees of Fahrenheit's thermometer, for every gallon in proportion to strength, ten shillings.

That the duties on spirits made or distilled in the Colony from imported sugar shall be, for every gallon, nine shillings and five pence.

That the duties on spirits, when made or distilled from grain or other material not subject to duty, shall be, for every gallon, ten shillings.

That in lieu of the duties of customs now chargeable on tea imported into this Colony the following duties shall be charged, that is to say:—Upon every pound of tea from and after 31st March, 1861, to 30th September, 1861, inclusive, two pence; from and after 30th September, 1861, to 31st December, 1861, inclusive, one penny; after which date the duties on tea shall cease and determine.

These Sir, are the propositions which I have to make to the House, and I hope I have satisfied the Committee that the condition of the Colony, as far as its financial affairs are concerned, is a sound and healthy one. Of course we are subject to those periodical reverses which invariably attend every trading community. We find them prevailing to a great extent even in England at the present time, but I think there are plain signs of the country recovering from the temporary state of depression under which it has been labouring. I now beg to move the resolutions I have given notice of.

NEW SOUTH WALES.

The Financial Statement of the Honorable Elias Carpenter Weekes, made 24th October, 1861.

[*From the Sydney Morning Herald of 25th October*, 1861.]

LEGISLATIVE ASSEMBLY.

Thursday, 24 *October*, 1861.

FINANCIAL STATEMENT.

Mr. WEEKES moved,—"That in order to meet the supply granted to Her Majesty, a sum not exceeding £2,520 be granted to Her Majesty out of the Consolidated Revenue of New South Wales." He said: In making this resolution I shall avail myself of the opportunity it affords me of submitting to the Committee the financial position of the country. In doing so I shall endeavour to trespass no longer on the time of hon. Members than is absolutely necessary to make myself clearly understood with regard to the details I shall have to submit. Before, however, submitting these details for consideration, I am desirous of referring to a subject that has been discussed in the leading journal of the Colony subsequent to the prorogation of last Session—not that I think a Minister of the Crown is bound to take notice of every matter that he may see commented on in the public prints, but because it is a matter of much importance, involving, as it does, a doubt as to the correctness of the public accounts previously submitted to this Assembly. I therefore believe it to be my duty to clear the matter up, and to submit to the Committee such a statement as will show that the public accounts have been kept correctly. I should hope that no honorable Member would ever believe that any Minister of the Crown would have the audacity to present to this House what he knew to be fictitious accounts, with the view of deceiving the representatives of the people. I do not think that hon. Members will believe that such a thing could be done. Though I feel this, yet in a matter of so much importance I have deemed it desirable to have a statement prepared, in order to afford to hon. Members every facility for determining for themselves the real position of the accounts of the country up to the latest period. No doubt it is a very difficult thing for hon. Members to follow out a series of accounts current, where they are changing continually from proposed to actual expenditure, and from estimated to actual income, and to so examine them as to arrive at a proper and a just conclusion. Therefore, to assist the Committee, and to enable hon. Members the better to follow me in my statement, I have prepared an account current of the revenue and expenditure of the Colony, from the 1st January, 1858, to the 31st December, 1860. The Committee will find in paper No. 1 of the accounts of Ways and Means that I start on the 1st January, 1858, with a deficit of £95,000. Then for 1858-9-60 are shown the various sums appropriated annually, under the Appropriation Acts, the special appropriations under the Constitution Act, the Supplementary and Additional Estimates, and the authorized Loans—being the total estimated charges on the revenue for those three years—which gave at the end of last year a general total of £6,236,421 11s. 3d. Now, that sum does not represent the actual expenditure of the country during those three years, but only the estimated expen-

diture. It is an expenditure that cannot be exceeded, but it is one that the Government are bound to diminish as much as they possibly can. There are many items which from their very nature cannot be spent, for the simple reason that the services were not found to be required; and hon. Members will thus see that I have deducted, under the head of savings on votes, and votes not required, the sum of £424,662 10s. 2d. from the total I have just named, and that this leaves £5,811,759 1s. 1d. as the balance, being the actual expenditure during the three years mentioned. These savings I am desirous of explaining fully to the House, because many parties in commenting on the accounts have called these savings a mysterious fund, from which a Minister may dip at pleasure and create a balance to suit his purpose. Hon. Members will see that I have three several lists of savings, all of which have been used during previous Sessions. One of them, showing how the savings have been effected, has already been printed, and the two others I intend to lay on the Table of the House this evening, and move that they also be printed, although they are all of the same character as those which have already appeared. They are either savings on votes which have not been required, from the work for which they were voted not having been executed, or they are savings on amounts voted, the whole of which has not been expended. As an example I may instance the two sums of £50,000 which appear in the two latter accounts. In each year the amount of £50,000 has been appropriated for the Panama Steam Postal route, the expenditure being authorized by a special Act of Parliament, in which the Government are directed to raise that sum for three years in order to establish that Service. The vote for two years has of course not been required, as the line has not yet been established. They consequently form a large portion of the savings, and the remainder of the £424,000 is formed from various other matters in the different departments of the Government. In the working expenses of the railway department there was saved in 1858 £12,787, and in another year there was a saving in the same branch of £130,000. Then, again, £130,000 were voted for the payment of interest on debentures, whilst only £109,000 were required; consequently a saving of £20,821 was effected there. Savings are thus effected in a variety of ways, and they arise necessarily from year to year, a list of which the Auditor General prepares for the information of the Government. In addition to the savings on votes where the work is not executed or the amount expended in full, there are balances accruing for money not spent in the year for which it had been voted. The rule of the Government is that where a sum is voted in one year, and not expended within the twelve months subsequently, the amount must revert to the revenue; and if the work is subsequently found to be necessary the sum must be voted again. At all events the revenue for that particular year is relieved of the charge of the work to the extent of the amount voted. Where the work is not carried out in the year following that in which the sum for it is voted, the amount is then written off and the account closed. In this respect the Auditor General has been guided for some years past by a rule to that effect passed by the Executive Council. Thus, at the expiration of the twelve months the vote is considered to have lapsed, so that these savings are formed not only from the balances on sums not expended, but also from votes for public works and buildings which have not been used for two years. If after that period the work is found to be required, then as I said before, this House has to be applied to for a fresh vote. It may be, and it is sometimes the case, that claims on votes will rise up after the lapse of years, and accounts will come in for work done long before for which no claim had previously been made, and which had been lost sight of. These, of course, cannot be paid when the accounts are finally closed. When this happens to be the case the Auditor General reports the matter to the Government, who then come down to the House and obtains fresh votes to cover such demands. I shall shortly have to bring before the House an additional estimate to cover certain items of this character. The Committee must see that this is the most legitimate way of dealing with these accounts—combining them under one head, and carrying them forward year by year. This being done, it is obvious that

these savings become a credit, since whatever tends to relieve one side of an account must to the same extent add to the other side; and this is the way in which the Government have used them. To show that this is not an original idea on the part of the Government, or any violation of the ordinary practice of other Governments, I shall show that it is the invariable practice of the Government of England whenever a financial statement is to be made, or on the Budget being laid before the House of Commons, to refer to these balances. There is scarcely an occasion of that kind when allusion is not made to the unexpended balances of the various appropriations, and credit not taken for the amount saved. They are thus alluded to in the leading London journal:—

Supplementary Estimates.—These unwelcome claims form a sufficient reason for requiring a Budget always to show a surplus. Estimates have just been presented for £53,430 for the war with Russia, it being found that the sum surrendered to the Exchequer as "savings" out of the war vote was too large; and also for £17,983 for excess of expenditure last year beyond the vote for the non-effective charges of the revenue departments.

Now the practice which obtains at Home is different from our own. There all the revenue collected is paid into the Exchequer, whence it is drawn out by warrant of the Lords of the Treasury under the sanction of a Royal order. The Treasury draws from the Exchequer the whole amount of the vote, and hands it over to the Paymaster. The saving then arises in this way, that they receive the whole of the vote in cash; and if they receive £100,000, whilst only £90,000 are expended, the balance £10,000 is declared to be a saving, and goes in the next year in aid of the Ways and Means. In the evidence given by Lord Monteagle, Comptroller of the Exchequer, before the Select Committee on Public Moneys, as to the way in which these balances are dealt with in England, he clearly demonstrates the impossibility of keeping the accounts in any other way. He says:—

The Treasury frequently declare certain amounts to be savings. They communicate with me; I also communicate with them, showing unissued balances, and if they think fit they declare those unissued balances as savings. *** I have reported the amount of accumulative balances to successive Boards of Treasury, and they have made those balances savings, thus making them future Ways and Means.—p. CIV. I consider some provision is necessary for the repayment of unexhausted votes into the Exchequer. I have on various occasions reported them, and the Treasury have been ready to declare them savings, which I think is the constitutional mode of proceeding.—p. iii.

He then passes on to several accounts of the savings he had handed over to the Treasury, and instances a sum of £25,000 as saved on the decease of the Queen Dowager, who died before the last quarter had begun, leaving a sum unappropriated to that extent. The report continues, (page 29):—

It is the recommendation of the Exchequer Commissioners that after a year and a half these votes should all be reconsidered, and the sums unissued should be made savings, and the account closed.

Reverting to the accounts again it will be seen that there is left, as already stated, a charge upon the revenue of £5,811,759 1s. 1d.; and against that on the other side I place the actual amount of the revenue of 1858, 1859, and 1860, as well as the amount due by the Sydney Municipal Council for interest on debentures to December 31st, 1860, secured by Act on the entire revenues of the city. These produce the amount of £5,855,046 3s. 5d., which gives a balance on the 31st December, 1860, of £73,287 2s. 4d. The sum of £49,812 (amount due by Sydney Municipal Council) will to a great extent be submitted to the Committee in the Supplementary Estimates. It was decided by a vote of the House that we should repay to the City Corporation the amount appropriated as compensation for land resumed for water purposes; and although I was charged with inserting as an asset what might be considered a bad debt, I was quite justified in doing so, because all we pay for interest in connection with these debentures is a first charge upon all the revenues of the city. The Government are in a position to recover, if they think proper, by enforcing payment of the whole sum they may be called upon to advance for interest on debentures for which the City Corporation is liable. It is therefore a perfectly good debt, which the Corporation ought to pay, as the amount was paid by the Government to protect their credit. The Government have taken it as an asset, and the Corporation will have to pay the amount, in part, out of the £43,261 14s. 6d. set down in the Supplementary Estimates as compensation for land

resumed at Botany in connection with the water supply. The mode of paying the Corporation will be by giving them credit on account; at all events it will restore that much to the Treasury. I take it that the House having once ordered the Government to follow this course, we are justified in carrying out that mode of treating the matter. If the House however, decide otherwise, well and good. This explanation brings me down to the end of 1860, with a balance of £73,287 2s. 4d. In No. 2 account of Ways and Means, the only alteration is an additional supplementary estimate of £21,355 10s. 10d., which, with the previous supplementary estimate, of £56,834 9s. 8d. makes the total amount of supplementary appropriations £78,190 0s. 6d. There is an alteration also in the last item, viz.:—savings on votes of Parliament, £122,670 17s. 6d., which stood as only £50,000 before. Then on the 1st January, 1861, we have a balance of £73,287 2s. 4d. The Supplementary Estimates for 1861, as submitted to the House, amount to £178,224, of which we charge upon revenue £94,962 13s. 6d., and £83,261 14s. 6d. on the loan account. The Supplementary Estimate is a very large one, and I will just mention a few of the principal items: The Committee will see that there is an increased sum put down for pensions. The Government believe that the House did not intend to single out any particular lady to be the recipient of a pension, and not to award pensions to others having equal if not stronger claims for consideration; and in order to give the House an opportunity of expressing an opinion upon the matter they placed these several sums on the Estimates for consideration. Then there is a sum of £2,500 to provide half forage for 100 horses at £20 each, and £5 each towards shoeing, wear and tear of horse trappings, &c., for 100 members of the mounted rifles, in accordance with a resolution of the Assembly. To meet the expenses of Volunteer Corps there is a further sum of £3,859 1s. 4d.; to meet the expenses of taking the census a further sum of £3,000; to cover the expenses of the first military expedition to Lambing Flat Gold Fields, a further sum of £1,500; to meet the expenses of the second expedition, a sum of £7,500; to make provision for the adequate representation of the Colony at the Exhibition of the Industry of all Nations in London, a further sum of £4,000. Then there is a sum of £10,000, deficiency in the amount voted to meet the expense of emigration from the United Kingdom in 1860. There having been no funds to meet the expenses of the passages of emigrants in whose favour deposits had been made in the Colony, the Government have been obliged to place upon the Estimates this large sum. The other items are principally for public works and buildings—except the items (to be raised by loan) of £30,000 for railways, £10,000 for additions and alterations to workshops and stations, and £43,261 14s. 6d. as compensation to the Sydney Municipal Council for land resumed under the Water Supply Act. It has been made a charge against the Government that they were not sufficiently energetic in pressing on the public works of the Colony. Now, I think I can bring forward a statement to show that we are not open to that charge. The total of the sums actually expended on roads and public works, exclusive of railways, from the 1st January, 1860, to the 30th June, 1861, amounts to £403,054. The Government then cannot be charged with remissness in pushing forward these works, as the works authorized but not contracted for are very few indeed. On the other hand, the actual revenue to the 30th September, 1861, reaches the sum of £1,042,932; and the estimated revenue and receipts from the 1st of October to the 31st of December, 1861, is put down at £462,840—making the revenue amount for the year to £1,505,772, which, together with the £168,535, authorized to be raised by loan for public works and voluntary and assisted immigration, and £83,261 14s. 6d., in Supplementary Estimate, proposed to be raised by loan, results in an estimated balance on the 31st December, 1861, of £2,390 13s. 5d. During the current year we have paid out of revenue a sum of £27,000 for debentures falling due in 1861, which to that extent reduces the public debt. With respect to the estimated revenue for the three months, from the 1st of October to the 31st of December, I have every reason to believe that the amount will be realized. I had better, however, I think, refer here to the nine months past to show how the revenue stands

under its several heads. The increase in 1861, as compared with the corresponding quarters of 1860 is—for March quarter, £29,662 3s. 6d.; June, £6,988 13s. 10d.; September, £14,722 5s. 8d.; the total increase for the nine months, as compared with the corresponding nine months of 1860, is £51,373 3s. The principal increases are:—Customs, £24,000; gold duties, miners' rights, &c., £4,300; land revenue, £36,290; postage, £700; licenses (publicans,' auctioneers,' &c.), £3,020; rent (tolls, ferries, abattoirs, &c.), £1,370; railway tolls, £11,812; electric telegraph, £3,660. The decreases have arisen on spirits distilled in the Colony, Mint receipts, pilotage, and interest on bank deposits. The reduction on the last item is, I think, a very gratifying circumstance, showing, as it does, that the Government have been using the money for public works instead of allowing it to lie idle in the banks. For the last three months of this year I have estimated the Customs revenue at the same rate as the previous three-quarters of the year—that is, the same proportionate advance of revenue. I have dealt in the same way with my estimate of gold duty. The estimated land revenue may appear a large sum, but as there are two or three large items included therein I will call the attention of the Committee to them. First, I shall have the benefit of a large amount for pre-emptive rights, some £40,000 or £50,000; then I expect a very large sum from the sale of lands supposed to contain coal; there are also the payments to be expected under the new Land Bill. I can assure hon. Members that before I could get to the Treasury the day following that on which the assent was given to the Land Acts there were several parties there wanting to pay in money under these Acts. I have no doubt that long before the Treasury was opened that morning there were many persons anxious to take up land under some of the clauses of the Lands Alienation Act. Although I was not quite clear as to the nature of the receipt which should be given for the money tendered, I gave a receipt for it, and put it into the suspense account until a legal opinion was obtained. My estimate of £462,840, I have no doubt, will be realized. That carries us down to the 31st December, 1861, with a balance, as already stated, of £2,390 13s. 5d. In No. 4 of the accounts current the Committee will see that the general services are placed at £1,225,234, the special appropriations at £247,500, and the sum to be provided by the Constitutional and Colonial Acts at £59,400—making a total of £1,532,134. On the other side the estimated revenue for 1862 is £1,579,739, and the amount proposed to be raised by loan, £2,072,184—the same as on the other side of the account. No doubt £1,532,000 for the expenses of the Government of this Colony is a large sum. I admit it is a large sum, but we must not forget that the Government here has to take charge of works and perform duties which, I think, no other Government undertakes, and which, properly, perhaps, does not belong to a Government. When you find that the Government, from the force of circumstances, are compelled to engage in gigantic railway and telegraph works—when you see that they have large gold-fields and Crown lands to manage—it must be admitted that more devolves upon the Government of a colony like this than you will find in any other country. If railways were taken up here, as at home, by private enterprise, and telegraphs were constructed by private enterprise—and if we had no Crown lands or gold-fields, with the necessary staff of officials—the expenditure would of course be materially diminished. It is not fair, therefore, to say that the Government of this Colony costs, in comparison with other countries, an unusual sum, without taking also into consideration its peculiar position and requirements. But the expenditure of this country, taken in comparison with the population, is not increasing, as I shall be able to show the Committee. I have a statement here, which was prepared two or three years ago, showing the expenditure of the Colony per head of population for a number of years past. In 1851 it was £2 4s. 1d.; in 1852, £2 17s. 7d.; in 1853, £3 5s. 4d.; in 1854, £4 9s. 3d.; in 1855, £4; in 1856, £3 15s. 11d.; in 1857, £3 10s. 8d.; and in 1858, £3 10s. 9d. In 1858, when the expenditure per head was £3 10s. 9d., the total sum appropriated, exclusive of loans, was £1,365,317. The charges on the Consolidated Revenue, which I pro-

pose now, is £1,532,000. That is no more than the increase of population would justify, and I think the ratio has not increased at all. The total sum appropriated for 1859 was £1,589,210, for 1860 £1,557,303, and up to the 30th September, 1861 (including the proposed Supplementary Estimate), £1,576,667. The Estimates proposed for 1862 amount to £1,532,134. I therefore think the Committee will see that although the expenditure is large it really is not increasing beyond what it was some few years ago in proportion to the population. In fact I have no doubt if the calculation were made it would be found to have diminished. The debt of the Colony is set down at £3,919,730, but this sum includes debentures to the amount of £552,000 in the hands of the Oriental Bank in London, of the sale of which we have not yet had advices. I am compelled, however, to treat these debentures as debt, because they have left the Treasury. The sales of which we have had advices since the statement I last laid before the Committee are to this effect:—We have sold in London, £149,900, at an average of £99 16s. 5d.; and in the Colony, £140,000, at an average of £98 16s. 6d., which, apparently, is rather an advantage on the sale in London. I say apparently, because there is a charge of three-quarters per cent. to come off. But at the same time, when the Committee consider that we have to forward large sums of money to England there is a considerable advantage in selling debentures in the London market. We save the premium of exchange. Among the principal items of the proposed expenditure for 1862 there is a sum of £18,000 for endowing municipalities. It may perhaps be interesting to the Committee if I state the amount of endowments paid to the various municipalities:—Redfern, £1,283; Waverley, £726; Shellharbour, £534; Newcastle, £1,646; Randwick, £569; Illawarra, £1,367; Wollongong, £616; Kiama, £1,549; Grafton, £174; Goulburn, £990; Glebe, £1,620; Albury, £845; Orange, £265; Shoalhaven, £175; Balmain, £993; Paddington, £439; Woollahra, £605; Waterloo, £188; Mudgee, £590; Cudgegong, £307. For the first half-year of 1861 (this money is paid in two half-yearly instalments) there is a considerable reduction arising from the different municipalities having raised a smaller sum, the Government paying only pound for pound on the amount raised. The sum total for the year 1860 was £15,490, but for the first half of 1861 it was only £6,350. They had not been able to apply the screw so tight in the various Municipalities during the first half of the present year. For education the sum of £60,000 is put down, which is £10,000 more than last year, and I believe a larger sum than has ever been voted for the purposes of education. For the police the sum of £173,000 is placed on the Estimates, which shows an increase of some £15,000 or £20,000. This estimate will be submitted to the Committee at the proper time, and is intended to carry out in part that new system of police which I believe the Chief Secretary is about to recommend for your consideration. The Volunteers have £20,000 placed to their credit, instead of £10,000 as last year. This increase has been rendered necessary by the applications for enrolment which have come in from all parts of the country. For the Benevolent Asylum there is put down the sum of £12,500. This service is increased very much, the sum contributed in 1851 having been only £2,500. The next item is £108,923 for the Post Office. There is an increase of about £5,000 under the head of inland mails. I will read to the Committee certain matters connected with this department which may not be uninteresting:—In 1856 the number of post offices in this Colony was 177; in 1857, 198; in 1858, 221; in 1859, 252; in 1860, 289; and at the present time there are about 320. The extent of postal lines was, in 1856, 6,332 miles; it was, in 1860, notwithstanding Queensland was separated, 8,231 miles. The total revenue was, in 1856, £29,458; in 1857, £35,715; in 1858, £39,953; in 1859, £43,678; in 1860, £45,612. The expenditure for 1856 was £58,879; for 1857, £63,865; for 1858, £69,507; for 1859, £71,370; and for 1860, £71,390. As we all know, the Post Office has long ceased to be a source of revenue to the country. The Post Office of England is an important source of revenue to the Government, but we can scarcely hope for it here, where we have to carry the mails over such a large extent of territory,

and where the population is so sparse. The cost of conveyance of mails was, in 1856, £42,855; in 1857, £41,324; in 1858, £45,463; in 1859, £47,604; and in 1860, £47,084. Taking the revenue of the two years 1856 and 1860, there is an increase of £16,000, and there is an increase in the expenditure (taking these two years) of £12,000. The difference between the increase of the expenditure over the increased revenue is therefore £3,600. The cost of conveyance of mails in 1856 in excess of revenue, was £13,379 (the cost of the conveyance of mails alone more than absorbs the revenue of the Post Office), but in 1860 it was only £1,472. There are 157 distinct mail contracts. The average cost per mile has been—by railway, £11 10s; by coach, £12 16s.; and by horse, £3 7s. 6d.—the general average cost per mile being £5 8s. 1d. The letters posted in 1860 numbered 3,800,000, and the newspapers 3,250,000. The sums I have stated have no reference to steam postal contracts now in operation. There is also a sum of £4,250 for the establishment of a Naval Brigade. This is not to be regarded in the light of a Volunteer Corps, but more in the light of a Reserve Force for manning the batteries round the harbour, and is intended to give some small encouragement to the enrolment of watermen and others connected with the harbour, so that they may be under some system of control, and thus be able on the shortest notice to man the batteries. Then there is a sum of £3,000 for the purchase of pilot vessels, as it is intended to alter the present system of pilotage. A change has long been urged on the Government, first by the Pilot Board, and secondly by a Select Committee of the Legislative Assembly, and as it has been strongly recommended, and has received the support of naval men generally, the Government feel bound to give it a trial. The allegation is that the present system is a very dangerous one, and that ships seldom receive a pilot on board until they are in danger. The captains also complain of the way in which the pilots board their ships. It is proposed to have two pilot vessels of seventy or eighty tons; the crew of each to be composed of a master, a mate and four men, and these vessels are to go out to sea eight or ten miles in order to put the pilot on board vessels bound for this port, as now done at Port Phillip. The only doubt I have had in regard to this scheme is whether in certain circumstances the pilot-boat will be able to maintain her position outside the Heads. Some persons hold to the opinion that in a strong north-easterly wind the vessel must be swept in and will be unable to hold her position; still the evidence generally is in favour of adopting the course I propose. Besides, it is advocated by the Pilot Board, who are unanimous on the point; if anything I think it will be a saving in the expense of the establishment, which will not be increased beyond the £3,000 required for the pilot boats. There is a sum of £1,500, the continuation of a similar vote of last year, for coast surveys. The Admiralty agents have determined that there should be a thorough and complete survey of the whole coast of the Australian continent, and they have made arrangements for dispatching naval officers to the several Colonies to have the whole coast surveyed in a scientific manner, which it has never yet had. There is a sum of £160,000 for roads, £130,000 for public works and buildings, and £3,000 for a general cemetery, so that the cost of this service for which the Government were accused of being about to expend the large sum of £150,000 had melted down to £3,000. Again, there is a sum of £20,000 for charitable allowances, juvenile reformatories, and grants in aid of public institutions. There is £5,000 for the completion of the Sydney University, and £50,000 for assisting immigration. The Immigration Department was nearly swept away when the vote was struck off; but now that immigration is revived the staff must be revived also. There is a sum of £800 put on the Estimates for the salary of the superintendent of alpacas, Mr. Ledger. This is an increase of £300, and is intended to be some slight compensation to this gentleman for his services to the Colony. The proposed railway extensions amount to £1,706,384, and I trust the Committee will suspend their judgment on this item until they hear the explanation of the Minister for Works and the general views of the Government on the question, which I think will be received favourably by the House. With regard to the roads, there is a sum of £100,000 for metalling and

ballasting the three main roads; for a bridge over the river at Bargo, £3,000; bridge over the Hunter at West Maitland, £6,000; bridge and approaches over the Murrumbidgee, £24,000; bridge over the river at Deniliquin, £8,000; bridge over river at Moama, £10,000; bridge over river at Nanima, £5,000; bridge over Namoi, at Narrabri, £4,000. For public works there is a sum of £10,000 for the erection of police barracks at Sydney and in country districts, and £10,000 for the erection of a building for the District Court of Sydney. Everybody must agree that this is a great necessity, for the present building is more like a den than anything else; and looking at it only in a sanitary point, we ought to erect another building. For the improvement of accommodation in gaols and other penal establishments there is a sum of £20,000. With regard to harbour and river navigation, there is a sum of £5,000 for improvements to the Moruya River; the extension of wharf accommodation at Newcastle, £5,000; purchase of steam cranes, £3,400; towards the construction of the northern breakwater, Newcastle, £5,000; pier at Shellharbour, £5,000; stone dyke at Bullock Island, Newcastle, £1,000; dyke, Shoalhaven River, £1,000; wharf at Ulladulla, £2,500; construction of breakwater and pier at Bellambi, £10,000. These sums together make a total of £2,155,445 14s. 6d., which is the amount I propose to be charged to loans in the Estimates now before the House. I have estimated the revenue for 1862, as per statement of Ways and Means, at £1,579,739; and I will now state to the Committee the total revenue of the Colony from the year 1851 to 1861, and also the sums received from the Customs and Land, which are the two principal items of revenue, in order to prove that the revenue has steadily increased during that period. The Customs revenue for 1851 amounted to £153,451; 1852, £217,021; 1853, £354,938; 1854, £405,721; 1855, £421,735; 1856, £471,401; 1857, £533,104; 1858, £557,298; 1859, £611,375; 1860, £555,104. In this year there is a decrease, but this is owing to the separation of Queensland, and consequently the revenue fell to £555,104. But in 1861 the actual Customs revenue received up to 30th September was £429,462; and the estimated revenue to the 31st December, £158,684. So that I have no doubt that this year's Customs revenue will realise a total of £588,146; and for 1862, £612,700. Thus showing that in the space of two years the Customs revenue will have recovered to what it was before the separation of Queensland. I think it is very satisfactory to find that this will be the case, when we consider that an entire province has been taken away from us—that in the space of two years we will have entirely recovered so important a revenue as that of the Customs, and that it will in fact exceed the amount received before the separation of Queensland. Now with regard to the land revenue, there is a somewhat similar result. In 1851 the land revenue was £110,079; 1852, £96,694; 1853, £259,261; 1854, £374,650; 1855, £321,502; 1856, £298,159; 1857, £273,883; 1858, £402,472; 1859, £477,892. Then the separation of Queensland took place, and the land revenue fell to £312,869. Up to the 30th September, 1861, the actual land revenue was £273,037, and estimated revenue to 31st December, £179,311; total for 1861, £422,348; and in 1862 I estimate the land revenue at £475,580, which I have no doubt will be realised; thus bringing it up to within a fraction of the amount it was before the separation of Queensland. This is very satisfactory, although no doubt it is very difficult to frame a correct estimate of the land revenue. It depends on considerations different from all other revenues, and therefore is very difficult to estimate. For myself I shall be glad to see the day when all the public lands have become private lands. The total revenue of the Colony for the year 1851 was £401,697; 1852, £532,718; 1853, £820,439; 1854, £993,986; 1855, £1,002,636; 1856, £1,101,876; 1857, £1,156,966; 1858, £1,367,422; 1859, £1,511,965; in 1860—when the separation of Queensland took place—it fell to £1,310,052; and for 1861 I estimate it at £1,505,772; and for 1862 I take the estimated revenue at £1,579,739, so that it will be an increase in the revenue we received only two years ago before the separation of Queensland. I have estimated the Customs revenue, not at an increase of 6 per cent., which is the average increase for the year, but at 4 per

cent., which I think is a moderate calculation. That our Customs revenue is steadily increasing is very satisfactory, but we must not forget that, although the revenue is increasing as a whole, the irregular trade over the Murray causes a loss which it is very difficult to compute, but I have no doubt that the Customs suffer thereby to the extent of £40,000. From spirits distilled in the Colony I expect to realize £40,500. The Government do not feel justified in abolishing the duty on gold, the unsettled condition of the gold field having led to special charges of late in these localities. Besides that, the refusal of the Committee the other night to support the intention of the Government to increase the miners' rights, and the decision of the Committee to reduce the business licenses, will create a loss of £3,000 or £4,000. These things taken altogether have satisfied the Government that they would not be justified under the present circumstances in proposing this Session the abolition of the gold duty. I estimate the Mint receipts at £24,000. There is a falling off in the Mint receipts this year, and this might lead to the impression that the production of gold was falling off also, but this is not case, as could be proved from the following figures:—The gold received into the Mint in 1857 was 223,215 ozs.; in 1858, 342,540 ozs.; in 1859, 358,127 ozs.; in 1860, 470,464 ozs.; and to 30th September, 1861, 345,545 ozs. The number of importations in 1857 was 1,802; in 1860, 5,008, or 96 weekly. The quantity of gold received into the Mint from its establishment to the 30th September, 1861, was 2,196,974 ounces, value £8,575,582; total amount coined in the same period, £7,939,750. Now, with reference to the gold produced in New South Wales, the quantity imported into the Mint for the nine months ending 30th September, 1860, was 280,140 ozs.; paid duty at Customs, 19,859 ozs.; total, 299,999 ozs. To the 30th September, 1861, the quantity imported into the Mint was 297,763 ozs.; paid duty at Customs, 41,199 ozs.; total, 338,962 ozs. Therefore there was an excess in the quantity of gold produced in 1861 of 38,963 ozs., which shows that although the Mint receipts were less in 1861 than in 1860, the yield of gold in New South Wales had increased. The difference arose from this—that in 1860 there were very large receipts of Victorian gold which came to the Mint to be coined, the quantity being nearly double that received in 1861, thus accounting for the deficiency in the Mint receipts for coining, though at the same time gold, the produce of New South Wales, had very largely increased. I estimate that the land revenue of 1862 will be £475,580, and this, I think, will be found to be a very moderate estimate. I have no doubt but that this sum will be exceeded, because next year we shall get the benefit of a year and a half's rent being for the last half-year of 1861, and the whole of the year 1862. That is how the revenue will swell out under this head. We shall be entitled to one whole year's rent, and then to six months' rent in addition. I estimate that licenses will produce £72,410, and though we shall lose £4,000 by the fees for night licenses granted to publicans, yet the billiard licenses, and the increase in the number of general licenses will more than cover the deficiency. I anticipate receiving £4,500 this year from the Glebe Island Abattoir. The total sum expended in the construction of this abattoir has been £60,000, so that if my estimate is realised, of which I have no doubt, the institution will give a return at the rate of 7½ per cent. on the outlay. From railway tolls I expect to receive £80,000, being an increase of £9,000 upon the amount received last year under this head, and one which I fully expect to see realised. Perhaps it might not be out of place here to quote a few statistics to show the progress that the railway traffic is making. On the Great Southern line 344,000 passengers and 26,000 tons of goods were carried in 1858; in 1859 there were 331,000 passengers and 31,000 tons of goods; in 1860 there were 365,000 passengers and 35,000 tons of goods; and in the first six months of 1861, there were 184,000 passengers and 19,000 tons of goods. During 1858 the receipts were £50,119 and the expenditure £34,342, leaving the net receipts at £15,777; in 1859 the receipts were £49,712, the expenditure £34,296, and net receipts £15,427; in 1860 the receipts were £43,706, the expenditure £36,397, and the net receipts only £7,339. This falling off is accounted for by the fact

that in January, 1860, the fares and rates were very considerably reduced by order of the Governor and Executive Council. The reduction continued in force until the 1st May, 1861, when the goods rates were again raised, but as the return only comes up to the end of June last, this rise has hardly had a perceptible effect upon the amount received for the first six months of 1861. The amount of receipts for that period was £21,750, the expenditure £19,103, and the net receipts £2,643. It would be seen by the result of this experiment that the Government had been greatly disappointed in their expectations that by lowering the rates charged on goods sent by railway they would increase the quantity forwarded. On the Great Northern line the number of passengers was, in 1858, 69,389; in 1859, 94,196; in 1860, 147,826; and for the first half of 1861, 85,843. The quantity of goods sent was, in 1858, 6,997 tons; in 1859, 12,014 tons; in 1860, 14,810 tons; and in the first six months of 1861 it reached the large sum of 28,489 tons, being a most extraordinary and rapid increase in the goods traffic. The traffic on this line has therefore exceeded that upon the Great Southern line during the same period. The receipts upon the Great Northern line were, in 1858, £11,475; in 1859, £12,062; in 1860, £13,176; and in the first half of 1861, £8,570. The expenditure during the same period has been £9,042, £11,625, £11,200, and £7,442; and the net receipts £2,433, £437, £1,976, and £1,128. The remarks I have already made as to the reduction in the rates apply to this equally with the other lines. On the Great Western line the number of passengers carried from the 1st July to 31st December, 1860, was 38,839; the goods carried were 1,402 tons; the receipts £4,857; the expenditure, £3,136; and the net receipts, £1,721. For the first half of 1861 the number of passengers was 41,181; the tons of goods carried, 1,735; the receipts, £5,093; the expenditure, £2,775; and the net receipts, £2,318. Coming now to the Electric Telegraphs, I have set down the amount as likely to be received from this source at £20,000. To show the sums that the various extensions have realised, I will quote a few statistics relating to this branch of the Service, as I have already done upon that of railways. The total amount expended on 1,846 miles of telegraph to 30th June, 1861, has been £83,676; whilst the cost of lines in operation up to the same date has been £50,593. In 1858 the number of messages sent by the lines was 9,141; the cash receipts, £1,932; and the working expenses, £2,264. In 1859 the number of messages was 36,867; the cash receipts, £7,827; and the working expenses, £4,294. In 1860 the number of messages was 52,000; the cash receipts were £12,133; and the working expenses, £8,380. For the first six months of 1861 the number of messages was 33,006; the cash receipts were £7,234; and the working expenses £5,674. Now, these amounts show a return on the capital expended of 13½ per cent. for 1859; of 7½ per cent. for 1860; and of 6 per cent. for the first half of 1861; thus showing clearly that as we extend the lines into the interior the profit we derive will proportionately decrease. Under the head of miscellaneous receipts I estimate that I shall receive £28,146; and in this there will be a considerable falling off from last year, mainly arising from the smaller amount we expect to receive as interest upon bank deposits. Under this head £10,000 only is estimated for 1862, whilst during the present year £20,668 are set down. I have now, Sir, to the best of my ability, endeavoured to lay before the Committee a statement of the financial condition of the country, taken from a fair estimate of the revenue and expenditure of the coming year. I have, as I conceive, taken no exaggerated view of our position, and I think I may safely say that our prospects for the coming year are very encouraging. Our revenue, in all its material features, has been steadily increasing year by year, whilst our expenditure has not been increasing beyond the ratio of our increasing population. In the coming year I look to derive great advantage from the settlement of the country by a prosperous and happy population, and from other benefits that our new land laws will confer upon the people at large.

NEW SOUTH WALES.

The Financial Statement of the Honorable Elias Carpenter Weekes, made 7th August, 1862.

[*From the Sydney Morning Herald of 8th August*, 1862.]

LEGISLATIVE ASSEMBLY.

Thursday, 7 *August*, 1862.

FINANCIAL STATEMENT.

Mr. WEEKES said: I now beg to move that a sum of £1,457 be granted out of the Consolidated Revenue Fund for the service of the year 1863. Sir, I propose, according to the usual practice, to avail myself of this opportunity of submitting a statement of the public accounts of the country, and of its financial condition generally. This, Sir, is naturally a dry subject, but I trust nevertheless that I shall be favoured with the indulgence of the Committee while I proceed to lay such information as I can before them respecting the position of the Colony. And I think, Sir, that without taking an unfair or exaggerated view of matters, I shall be able to satisfy Honorable Members that in all essential and material respects it is rapidly and steadily progressing. It is generally considered, Sir, that this is the most convenient period for the House to be in session, this particular period of the year being most suitable to Honorable Members and to the public convenience generally. But, Sir, it has this effect—and I think a change must be made by the time the next financial statement is presented—it interferes to some extent with the preparation of the accounts. An alteration, in fact, will have to be made in the termination of the financial year. On the present occasion, owing to the change I have alluded to, I shall have to review our position by the accounts for the past half-year and estimate the revenue to the close of the year, which has still five months to run. To obviate this in future, it will be necessary that the financial year should close here on the 31st March, as at home, where within a few days of that date the statement of accounts is presented. It is necessary on such occasions that the Minister should be in a position to review the whole of the past year before submitting the Estimates for the future, and I think for this reason it would be desirable to follow the course I have suggested. Sir, the Committee will do me the favour to turn to No. 2 account in the printed statement of Ways and Means which I have laid upon the table. I shall not dwell long on that account as it contains very slight alterations and is already familiar to the House. I want simply to call attention to the fact that I have availed myself of the unexpended balances on votes of Parliament, or "savings," as they are generally termed, to the amount of £68,236 12s. 4d., which diminishes the charge on the Consolidated Revenue Fund to that extent. It is not necessary that I should enter at any length into this part of the subject; the amount is simply unexpended balances on services that have been performed. I now lay a list of these savings on the table, in conformity with the usual practice. With this alteration in No. 2 account—that is the one for 1861—it will be seen we have a balance at the end of that year of £11,539 5s. 9d. In the next table, No. 3, it will be seen that the charges on the

Consolidated Revenue Fund for the current year are as follows:—Amount of Appropriation Act for 1862, £1,226,155 8s. 10d.; special appropriations, £247,500; provided by Constitutional and Colonial Acts, £59,400; total, £1,533,055 8s. 10d. The loans authorized to be raised for public works and other purposes are £1,699,109, and there is likewise a supplementary estimate for 1862, consisting of £158,082 5s. 6d. chargeable on the revenue, and £11,000 to be raised by loan, making a total of £169,082 5s. 6d. These constitute the total estimated expenditure for 1862. On the other side we have £11,539 5s. 9d. balance brought from the account of 1861; revenue and receipts actually collected to 30th June, 1862, £758,265; estimated revenue and receipts from 1st July to 31st December, £954,616, making a total for the year of £1,712,881, and leaving an estimated balance at the end of 1862 of £33,282 11s. 5d. I had better, I think, Sir, continue the statement of accounts to the year 1863, and then go back to my explanation. The proposed charges on the Consolidated Revenue Fund for 1863 are as follow:—General services, £1,393,795; special appropriations, £310,503; provided by Constitutional and Colonial Acts, £59,400; making a total, exclusive of charges proposed to be raised by loan of £1,763,698. By turning back to No. 3 statement it will be seen that the charges against the Consolidated Revenue Fund in 1862 amounted to £1,533,055 8s. 10d., the expenditure authorized to be provided for by loans, to £1,699,109, and the supplementary estimate for the same year to the large sum of £169,082 5s. 6d. With the permission of the Committee I will briefly notice some of the principal charges under that head: There is a sum of £2,646 11s. 7d. for gaols. Several additional gaols have been established in various country districts, and this amount is to cover the salaries and charges in connection with the same. There is also a sum of £2,646 6s. 10d. under the head of charitable allowances. This expenditure has been rendered necessary by the applications that have been made on account of various hospitals that are being established at Grafton, Kiandra, Burrangong, and other places. The estimate also includes a sum of £2,000, the cost of erecting an additional story or new wing to the Randwick Orphan Asylum. A recommendation has been made to the Government that while other public works are being proceeded with it would be only right to make this asylum as complete as possible, and the Government have complied by placing the amount on the Supplementary Estimates. There is also £300, further expenses connected with taking the census of 1861, and £500 for the maintenance of the military at Lambing Flat. The estimate also includes £1,300, paid as law expenses in the case of Berry v. Graham and others. It is only necessary at present to say that inasmuch as these defendants became involved through the action of the Government, and by acting on a Proclamation subsequently shown to be illegal, the Government felt they were bound to protect them in the matter. The Supreme Court held that the Proclamation was illegal, as it was not competent to include a town and rural district within one municipality; and as the defendants had only been acting under the terms of the Proclamation, the Government thought it was their duty to compensate them for the expenses they were put to. There is an increase of £2,100 in the working expenses of the Mint, arising from the increased demand made on that establishment. There is a small increase in the Post Office for two additional mail guards, one to the north and one to the west, and for additional country postmasters. There is a sum of £4,000 to cover the cost of six ten-inch guns and the necessary ammunition. They have cost about £400 a-piece, with their carriages complete. I may add here that the Government have applied to the home authorities for a battery of heavy Armstrong guns with travelling carriages, which will enable us to move them to any point at which their services may be required. There is then a small sum for increased wages to compositors in the Government Printing Office; and then a new item, namely, interest to the Savings' Bank. This arises on a loan by the Savings' Bank to the Government to enable them to work the Mint bullion account. Parties who deposit gold-dust at the Mint very often require cash for it immediately; for this accommodation they are charged a small sum of about ½ per cent. by the Government. To enable the Government

to do this it was necessary that the Master of the Mint should have funds upon which to draw, and therefore the Mint bullion account was established. The Savings' Bank advanced £60,000 for the purpose. There is next £8,039 to meet balances of votes claimed, particulars of which I now lay on the table. These are sums that have been written off by the Auditor General, being unclaimed balances of appropriations that have been closed in his books; and sums that I have in previous years included in the amount of unexpended balances or savings. This is a case that is likely to arise very frequently. After an account has been closed for three, four, or even five years, demands sometimes come in upon it. As the account has been closed the Government have no alternative but to put the amount upon the Estimates again and bring it before Parliament. This is the practice that has always been followed elsewhere, and is, in fact, the only one that can be adopted under the circumstances. There are then two sums of £5,000 for additional commission to land agents, and for fees to licensed surveyors; and a small increase under the head of gold-fields. There is a sum of £2,099 for rations supplied to Chinese during the Burrangong riots. It is well known that the Chinese were off the Burrangong gold-fields during those riots. They took refuge at a squattage on the road to Yass, where they were absolutely starving until the owner of the squattage undertook to supply them with sufficient food to keep them from starving. They were kept there in this way for some time, but no longer than was absolutely necessary, and the cost of the rations supplied to them was £2,099. There is next a sum of £4,240 for compensation to Chinese for losses sustained by them during the Burrangong riots. This has been found to be a most tedious and most difficult matter to settle. There were no less than 1,568 claims made, and of these 706 were admitted. The amount claimed was £40,623 9s. 9d., whilst the amount admitted as proved out of this was £4,240. Then there is the very large sum of £60,000 to be expended on the roads of the colony—£12,000 on each of the three main roads, and £24,000 on the subordinate roads. This the Government considered necessary in order to take precautions against the coming winter by putting the roads in a passable state. There are several sums for the erection of bridges, for keeping open the navigation of the Murrumbidgee, and for telegraph stations; and £11,000 for alterations in public buildings. These are the principal items that stand on the Supplementary Estimates, making, with the other amounts I have mentioned, £3,434,529 5s. 9d. And now, to look at the other side of the account: The revenue and receipts actually collected to 30th June, 1862, amounted to £758,265. And here it may not be uninteresting to give a sketch of the actual receipts of the revenue in every year since 1856, during the whole of which period the tariff has been unaltered. In 1856 the revenue amounted to £1,101,876, the amount collected by the Customs being £471,401; in 1857 the revenue was £1,156,966, the Customs being £533,104; in 1858 the revenue was £1,367,421, of which the Customs was £557,298; in 1859 the revenue was £1,511,965, of which the Customs was £611,875; that was the year in which Queensland was separated from the colony; in 1860 the revenue reached £1,310,052, of which the Customs was £555,104; in 1861 the revenue was £1,427,165, of which the Customs was £585,312; and in 1862 I estimate that the revenue will reach £1,712,881, and that of this the Customs will furnish £648,000. Should this amount be realised we shall then have altogether made up the loss of revenue we suffered on the separation of Queensland; and this must be a very gratifying fact to hon. Members, seeing that it has been accomplished in so short a period. The actual revenue received during the six months ended 30th June last shows an increase of £140,313 over the revenue of the corresponding six months of 1861. I have estimated for the remaining six months of 1862 that £954,616 will be received, and I am persuaded that my estimate will be borne out by the result. Having based my calculations upon the amount actually received during the first six months, I have no doubt that my expectations will be realised. There is an item amongst the receipts that is a novel one, being the small sum of £20 received from two Chinese immigrants on landing in this colony. I do not refer to this item with

any satisfaction, because in so far as my views are concerned I intended when I voted for the imposition of this tax to prohibit them from coming here at all. I mention the matter merely on account of its novelty, but I would have been more gratified had nothing whatever been received. But these two Chinese have landed here and paid, or rather the captain of the vessel paid for them. I do not, in my estimate for the last six months of the year, include the sum that may possibly be recovered from the 282 Chinamen who have passed into this colony across our northern frontier. What success will attend the lenity that has been shown them I do not know. Possibly at the end of the two months that have been allowed them they may pay; but still I felt it to be only prudent not to attach too much value to that, and therefore inserted nothing in the return. This, then, brings me down to the end of 1862, with a balance of £33,282 11s. 5d. For the year 1863 I estimate the general services at £1,393,795; the special appropriations at £310,503; which, with the sums set apart by the Constitutional and Colonial Acts, make a total charge on the revenue of £1,763,698, shewing an increase on the total charge of the revenue as compared with 1862, of £230,643. This increase does not arise, except to a very inconsiderable extent, from any increase in any of the departments. It consists principally of the large amount of £40,000 additional interest on debentures; £20,000 for municipalities; the large sum of £80,000 formerly taken out of loans, but this year charged to revenue; £40,000 more set down for roads; £3,000 for the navigation of the Darling; £27,000 additional expenditure on railways; and of various other items of increase which make up this apparently large excess over the present year. The authorized debt of the colony at the present moment is in round numbers, £5,888,000 including the amount of debentures authorized to be issued; but as yet the Government have only returns of debentures actually issued, to the amount of something over £3,000,000, although there remains a considerable amount in the hands of the Oriental Bank for sale. The debt actually outstanding is £3,700,000. There is an increase in the sums put down for municipal endowments. I am not sure that the whole sum of £20,000 will be required, as there has not been any rapid extension of these institutions since the year before last. The sum claimed in the year 1860 by municipal institutions, and paid as endowment to twenty corporations, was £15,490 14s. 11d. In 1861 the sum of £15,331 9s. 8d. was paid as endowment to twenty-one municipalities, showing that the same amount of rates was levied in the respective municipalities one year after another, and ranging from £2,000, as in the case of Newcastle, down to £161, as in the case of Hunter's Hill. I do not think hon. Members will regard with anything but pleasure the amount set down for our Volunteers. I think the country is indebted to those gentlemen who have so praiseworthily exerted themselves in creating such an institution amongst us. It has reason to be highly gratified with the excellent state of military discipline to which the force has been brought, and that the time, expense, and trouble, which have been devoted by the members of the force, have resulted in the production of a body of men not inferior to any bred up to military life among the Imperial troops. The present strength of the Volunteer Force is 65 officers, 13 medical officers, 192 noncommissioned officers, and 1,774 members, making a total of 2,044. The artillery companies number 320 members, the mounted rifles 39, the foot rifles 1,685. Artillery companies have been formed at Sydney and Newcastle, mounted rifles at Sydney, and rifle companies at Sydney, Penrith, Parramatta, Maitland and Morpeth, West Maitland, Newcastle, Hawkesbury, and Grafton. There is an apparent increase in the charge for police in the year 1863 of about £45,000. I say apparent, because it will be seen by an explanation I shall make that it is not an absolute increase. There is a deficiency in the vote for 1861 of £17,625, which is not fairly chargeable to 1863 as an increase of the cost of the establishment. The increase of the establishment consists principally in a small reinforcement sent to the gold-fields at a cost of £1,800. There are 41 new police stations in different parts of the country, which have been established in consequence of the repeated applications pressed upon

the Government from all parts of the colony. A charge of £9,000 is made to provide a mounted guard for the escort. This will only provide for a fortnightly service, but it is to be hoped that some arrangement may be made whereby the provision may be increased and a weekly one substituted. The committee will see that there is no increase, but rather a diminution in the charge for gaols and penal establishment. Although the number of gaols has been increased, arrangements have been made by which the estimate is brought below that of last year. A saving will be effected by the re-establishment of the military guard at Cockatoo, as the troops now returning from Lambing Flat will resume that duty. Two sums of £30,000 are placed upon the Estimates for education, being similar in amount to the votes of last year. The Government consider that until Parliament decides upon the adoption of some one system of education it is only fair to give the same amount to each of the two systems at present in operation. In 1860, under the Denominational system, there were 264 schools, and 13,377 scholars; in 1861, 278 schools and 16,572 scholars. Under the National system, in 1860, there were 144 schools, and 9,256 scholars; in 1861, 178 schools and 11,400 scholars; up to the 30th June, 1862, 192 schools and 12,455 scholars. Each system thus shows a considerable increase in the number of schools and scholars. There is a small sum of £1,000 as an increase in the Post Office department, arising from the appointment of country postmasters. There is a sum of £5,000 placed upon the Estimates as a recognition of the services of the Rev. W. B. Clarke. The Government considered that what had already been given to that gentleman was but an inadequate compensation for the many services he has rendered, and deem that it will be but a fair reward if the sum proposed should be voted for him. There is a sum of £80,000 for assisted immigration, to be appropriated entirely out of revenue. Last year the amount provided for this service was taken as a loan vote. While Parliament requires that some system of immigration shall be kept up, I think it most desirable that that system should be assisted immigration. I do not know any system that operates so well in reference to the vested interests of the country; it also brings into action the best feelings of our nature. The efforts made by servants, labourers, and the operative classes generally to bring out their friends, was one of the most gratifying traits that could be imagined in the disposition of those who had adopted homes in this country. There is a sum of £109,650 for the roads of the Colony, and I think it would not be uninteresting to show the amount spent on the roads and bridges of the Colony for some few years past. I find that during the five years preceding Responsible Government the sum of £197,742 was expended out of revenue upon roads and bridges. Since the inauguration of Responsible Government up to the present time a sum of £1,069,078 has been spent out of revenue for the same services. A sum of £69,450 is proposed for works and public buildings in 1863; and I may mention that during a period of ten years the sum of £884,180 has been spent on works and public buildings altogether, irrespective of loans. There is a sum of £3,000 for facilitating the navigation of the Darling River, and for railway lines the sum proposed is £29,957, £16,000 being put down for laying an additional line from Newcastle to the Wallsend junction (four and a half miles) with the Great Northern Railway. The railway traffic has increased so enormously that one line is found quite inadequate to meet present requirements, and the proposition for this additional line is submitted to the House in the hope that it will more than pay its cost. Several companies have expressed their intention of forming junctions with it when completed, and from a statement I will read I think it will be seen how desirable it is to encourage the formation not only of lines for the use of the coal trade but railways generally. Among the public works to be provided for by loan the sum of £15,000 is set down for the extension of wharf accommodation at Newcastle; £30,000 towards the improvement of the Clarence River breakwater; £5,000 for the construction of a northern breakwater, Newcastle; £20,000 for the construction of a second steam-dredge, punts and tug, for Newcastle; and £10,000 towards the construction of wharf and coal shoots at Morpeth. Most of these are required by the rapid development of the coal trade.

The amounts to be raised by loan for services connected with the Department of Public Works are—for railways, £29,957; harbours and rivers navigation £114,232; for roads, £12,000; public works and buildings, £155,000 (including £100,000 towards the erection of new Houses of Parliament); and for electric telegraphs, £295,882. Turning to the opposite side of the account it will be observed that I have estimated the Mint receipts for 1863 at £42,000, which sum I think I am justified in anticipating by the returns of the present year, the receipts for 1862 showing a total of £37,521. In the year 1861 there were 5,156 importations into the Mint; up to June 30th, 1862, 2,836, or 109 weekly. The total quantity of gold received into the Mint since its establishment up to the 30th June, 1862, is 2,731,340 ounces, valued at £10,656,376; and the total amount coined during the same period is £9,925,750. I have estimated that the land revenue will produce £496,800, and I have every confidence that that estimate will be realised. I have a return here which will show that, at all events, the pastoral interests of the Colony are making rapid strides, and that the areas of land under lease or license beyond the settled districts are approximately greater than prior to the separation of Queensland. At the date of separation, the quantity of land under lease beyond the settled districts, exclusive of Queensland, was 68,738,266 acres. We lost by the separation of that Colony 23,693,040 acres, which were then in occupation. The total area in occupation at the time of the separation (including the portions separated) was therefore 92,431,306. On the 30th June, 1862, the total area of land in occupation beyond the settled districts had risen from 68,738,266 acres in 1859 to 81,417,286 acres, showing an increase of about twelve millions of acres since the separation of Queensland. This increase has taken place in the following districts:—Albert, 510,540 acres; Bligh, 620,800 acres; Clarence, 4,000 acres; Gwydir (New South Wales portion), 286,040 acres; Lachlan, 5,221,680 acres; Liverpool Plains, 252,000 acres; Darling and Lower Darling, 1,288,960 acres; Murrumbidgee, 263,080 acres; Warrego, 3,137,540 acres. The last-mentioned district is a country that was not opened up at the time Queensland was separated from this Colony. There were then no squattages in the Warrego district. In the Wellington district the increase since the separation of Queensland has been 1,100,380 acres. It will thus be seen that within three years the country has become settled to the extent of nearly thirteen millions of acres, in addition to the area under lease or license in this Colony when Queensland was separated. I will now read a few returns showing the operation of what are called the "free selection" clauses in the new Land Bill. Under the 13th clause the number of purchasers up to 30th June, 1862, was 2,622. Under the 22nd section the number of purchasers to the same date was 384. Under the 13th section there have been selected 227,247 acres; and under the 22nd section, 23,545 acres. The amount realised under the 13th section has been £58,091, and the amount realised under the 22nd section £5,886. The total number of purchasers is thus 3,006; the total area selected 250,792 acres; the total amount realised £63,977; the balance to be paid being £186,815. In the settled districts there have been selected 177,469 acres; in the intermediate district, 39,966 acres; and in the unsettled, 33,357 acres, making a total of 250,792. Under mineral leases applied for under the 22nd clause of the "Crown Lands Occupation Act of 1861," 9,963 acres have been taken up. The amount of the annual rent is £2,490; of these lands 7,903 acres are near Newcastle, 80 at Maitland, 1,280 in Cumberland (these are for coal), 20 are near Wallabadah, 320 near Moruya, 200 Moruya silver mine, 80 at Ashburnham, and 80 at Bathurst. These latter are neither for gold nor coal. The purchases for mineral purposes under the 19th section of the Crown Lands Alienation Act have been 1,357 acres for £2,714, the deposits paid being £678 10s.—1,307 acres at Lake Macquarie, and 50 acres at Waratah, near Newcastle. I have estimated the revenue to be derived from postage in 1863 at £56,000. I do not think that is an unreasonable estimate, considering the present postal arrangements. The number of post offices in 1860 was 289, and the length of the postal lines 8,200 miles; 1861 the number of post offices was 340, and the length of the postal

lines 9,340 miles; up to the 30th June, 1862, the number of post offices was 356, and the length of the postal lines 10,800 miles. This shows that every opportunity has been taken for extending, as far as possible, throughout the country, the advantages of postal communication, and I must say that I attend to applications from some of those country districts more readily than to applications from districts nearer to centres of population. People are placed at immense disadvantage who have to go fifty or a hundred miles to a post office; therefore, whenever reasonable grounds are shown I seldom refuse an application. I do not agree with those who say that because a line does not pay it ought to be abandoned. In some of these distant parts almost the only representative of Government they see is the postman. They know very little of public matters but through him, and this, I think, is one of the few things to which they are entitled when they can show anything like a reasonable claim. It is the intention of the Government to establish official postmasters at the following towns:—Albury, Armidale, Bathurst, East Maitland, Goulburn, Mudgee, Newcastle, Parramatta, Penrith, Singleton, Tamworth, West Maitland, Windsor, Wollongong, Yass, and Deniliquin. This is with a view to the establishment of the money order system. It was found impossible to establish that system while the Postmasters conducted their business in part of their own stores. I have, however, thought it only right that those who have been for years engaged as postmasters should have the refusal of these new appointments, provided they complied with the conditions of the Government—that they should be neither directly nor indirectly connected with business of any kind, and that they should have the post office detached from any place of business. There have been great complaints, especially in some of the larger towns, as well as much jealousy because the post offices are kept in stores and other places of business. There has also been a good deal of ill-feeling among other parties in a similar line of business. We have therefore taken advantage of the establishment of the money order system to appoint these official postmasters. The expense will not be great. The difference will not exceed £500 or £600. In the larger towns the salaries and the commission on the sale of stamps received by the present postmasters were together equal to—and in some instances above—what it is now intended to pay these official postmasters. The sum allowed in the majority of cases will be about £200 a year. I have estimated the railway tolls for 1863 at £132,000, and I have no doubt that that sum will be realised. The manner in which the railways have progressed is highly encouraging. In 1861 the Great Northern Railway carried 171,691 passengers, and in the first six months of the present year 91,760. In 1861 it carried 59,640 tons of goods, and 70,555 in the first six months of 1862. Its receipts in 1861 were £19,305, and in the first half of the present year £14,506. The net receipts in 1861 were £3,168, but the net receipts during the first half of the present year were £4,876. The Great Southern line carried 346,343 passengers in 1861, and 173,959 in the first half of 1862. The number of tons carried was 36,738 in 1861, as against 21,016 during the first six months of 1862. The receipts for the year 1861 were £44,845 as against £27,123 in the first half of 1862. The net receipts were £5,649 in 1861, as against £6,921 in the first six months of 1862. The number of passengers carried on the Great Western line was 77,537 in 1861, and 44,135 in the first half of 1862. The carriage of goods was 5,365 tons in 1861, and 3,392 tons in the first half of 1862. The receipts for 1861 were £10,810, and £8,650 for the first half of the present year; the net receipts being £5,287 for 1861, and £5,293 for the first half of the present year. The total number of passengers carried on all the lines in 1861 was 595,571, as compared with 309,854 for the first half of the present year. This number is exclusive of the season ticket-holders. The number of tons of goods carried on all the lines in 1861 was 101,743, against 94,963 for the first half of the present year. The net receipts from the railways in 1861 amounted to £14,204, but during the first half of the present year the net receipts amounted to £17,720. The total expenditure in 1861 on the lines of railway now opened amounted to £1,489,006, and the net revenue for 1861 was £14,204; that gave for the year something under 1 per cent.

In 1862 the total sum expended up to the 30th of June on the lines that have been opened for traffic was £1,705,492, and the net revenue has been £17,770, being at the rate of £2 1s. 6d. per cent. for the year. That is, I think, a most satisfactory state of things, when we consider that these extensions are so partially carried out, some of the termini being in the bush, and without any convenient means for passengers and traffic reaching the stations. I consider this rapid increase in the remunerative returns of the railway a most encouraging feature; it leads us to expect that as these lines progress through the country they will pay every farthing of the interest of the money that has been expended on them. The profit on the railways in 1862 was nearly double that in 1861. I think that that result cannot fail to be generally satisfactory, especially when it is considered that the railways have not yet struck any of the great lines of traffic. I should mention that, in stating what has been the net revenue from the railways, there has been included in the expenditure everything that ought to be chargeable as such. [MR. SAMUEL: Is interest charged?] No, I believe not. The expenditure comprises the cost of the locomotive power, the repairing of the engines, the carriages, and the waggons, the maintenance of way, the repairs to tunnels and viaducts; and all the goods and general charges, and about half of the expense of the general establishment. All these items were included before the net results were brought out. I estimate that in 1863 the revenue from electric telegraphs will amount to £30,000, and that the revenue for 1862 from that source will amount to £24,500. The receipts from the telegraphs amounted, during the first half of 1862 to nearly £12,000. I have no doubt that the sum mentioned will be received. The total amount expended on 2,100 miles of telegraph, up to the 30th of June, 1862, has been £114,675, of which £102,150 was the cost of the lines now in operation. In 1858 the messages sent by telegraph numbered 9,141; in 1859, 36,867; in 1860, 52,000; in 1861, 74,204; and up to the 30th of June, 1862, 48,554. The receipts from these messages amounted in 1858 to £1,932; in 1859 to £7,827; in 1860 to £12,133; in 1861 to £16,542; and up to the 30th of June, 1862, to £11,747. Deducting from the above sums the working expenses of the establishment a return is shown for 1859 of 13½ per cent.; for 1860 of 7½ per cent.; for 1861 of 7 per cent., and for the first half of 1862 of 6½ per cent. I must say that I am much gratified by these results, because there was a general apprehension that as the telegraph lines extended over long tracts of country where there are not many large towns, the profits they yielded would be seriously diminished. Of course there has been some diminution in the receipts, as at the outset the telegraph only extended between Sydney and Melbourne where there was a very large business done. But I think there is reason to expect that as the telegraph is further developed it will pay the interest on the loans that have to be raised for its extension. With regard to the gold duty I have always been of opinion that that tax was an unjust one. But without regard to that tax I have always held the opinion that the gold miner paid an inadequate sum, (10s. a-year license fee), for the liberty of digging for gold on the public lands of the Colony. And I maintain that the gold-digger does not pay a fair equivalent for the privilege of taking what is the property of the public. We do not allow the grass on the public lands, which renews itself every year, to be consumed without a larger contribution to the revenue than is produced by the gold. If we look at the history of the charge on the gold-miners since the commencement of the gold diggings we shall find that when gold was first discovered they were charged 30s. a month, or 10 per cent., as a royalty. In two or three years afterwards the charge went down to 10s. a month, or 3 per cent., as a royalty; and subsequently the gold duty was established, and the miner's right was reduced to 10s. per annum. I think that 10s. per annum is altogether an inadequate sum, and not a fair equivalent for the right to go on the public lands and dig for gold. As we are holding the lands in trust for the public we ought to see that the miner pays a fair amount for that privilege. I will read an extract from a newspaper showing how many of the miners leave the colony after obtaining large quantities of gold. The following extract is from

the *Sydney Morning Herald* of June 21st, 1862 :—

With regard to the quantity of gold received from the Lachlan gold-fields, we are informed that one bank during the months of April and May have issued drafts on London to the amount of £60,000. It would therefore appear that most of the successful diggers are taking their gains away out of the colony. We may mention that those who have been successful have got as much as £4,000 each, and in very few instances less than £1,500 each, and those sums have been realized in less than four months. The number of party working together generally consists of four. Those who have purchased drafts of the Banks, have been Scotch, Irish, Greeks, Swedes, and English, but the latter are the most numerous. A few natives of the colony have also been among the lucky ones. Most of these men are going home satisfied with their adventures, but a few are coming out again.

Now, I do not want to see immigrants of that character—men who, by some lucky chance, get enriched out of the public lands, for which they have not paid a fair equivalent. Then, if they do not pay a fair equivalent for the right to go on the public lands and dig for gold, in what shape should we place the charge? I do not think it is a fair way to put it that they should be charged for seeking for gold; but the charge might fairly be made on their obtaining it, in the way that the gold duty is at present levied. Therefore, I would make a mere nominal charge for seeking for the gold; but I would levy a charge on obtaining it. And, as I think that half-a-crown is too high a charge, I shall propose—considering it in the shape of a royalty—that from and after the 1st of January next the duty on the export of gold shall be 2s. an ounce up to the 31st of March next, and that it shall be 1s. 6d. an ounce from and after that date. That will, I think, be a fair equivalent for the right of going on the public land and obtaining the gold. There is another matter to which I wish to call the attention of the Committee, and which I think is of the very highest importance: It is the question respecting the collection of dutiable goods coming across the Murray. I think that it has arrived at a state when it can no longer be neglected—that is, if we propose to raise our revenue by Customs at all. His Excellency the Governor called our attention to it in his Speech at the opening of the session—informing us that an application had been made from an adjoining colony for the construction of a uniform tariff, with a view to an equal and fair division of the duties received amongst all the colonies concerned. If, years ago, it was of importance for this colony to remonstrate against Victoria supplying the southern parts of this territory with dutiable goods which did not contribute to our revenue, it has now become a matter of much more serious complaint, when we find that the whole of the principal gold-fields in the southern parts of the colony are now supplied from Melbourne—when we find that this mode of supply to those localities is not only the settled policy of the people of Victoria, but that of the Government of that colony as well. Their present policy in carrying out their railroad system has been to strike the Murray at Echuca, and by so doing to place themselves in a position of commercial superiority as regards this colony. When the Murray line is completed it will enable the merchants of Melbourne to introduce dutiable goods into New South Wales within twelve hours after they have been despatched from Melbourne. And that railway will be completed as far as Echuca in the course of two years. That is the object of the Victorian Government. The carrying out of that line will have the effect of giving Victoria a water carriage of 8,000 miles. It will give Victoria a water carriage of 8,000 miles, it is true, but it will be water carriage through rivers of the colony of New South Wales. The object of the Victorian Railways, is to tap as it were, the rivers of this colony and render them available for this traffic —one however which will be to the manifest injury of our revenue. To show that this is the view taken by the people of Victoria, I shall invite hon. Members' attention to advertisements appearing in the Victorian papers. In the *Argus* newspaper (Melbourne) are to be found such advertisements as the following:—

Murray, Darling, and Murrumbidgee River Steamers. Murray and Jackson's Line. The new steamer Fort Bourke will leave Goolwa about July 1st, for Fort Bourke, on the Darling. All orders for freight, the purchase of flour, station supplies, &c., forwarded to the agent will be attended to. JOHN HALFEY, 104, Bourke-street West.

Murray, Darling, and Murrumbidgee. Cadell Line. The steamer Gundagai will leave Goolwa about 10th proximo. Arrangements made for forwarding on application to D. Dewar, 106,

Bourke-street West. N.B.—From delay in completion of Sandhurst Railway, the proposed Echuca route is rendered impracticable for the present.

This is all done with a view to promote the conveyance of dutiable goods from Melbourne across our southern frontiers, and it shows the immediate necessity for one uniform system of duties for all the Australian colonies. It is also the policy of the Government of Victoria, as well as that of the people of that colony, to take as much as they can get. I do not deny that a large proportion of the trade of the southern parts of this colony will not be likely to fall—indeed must fall—into the hands of the people of Victoria. Their position as regards the southern parts of this colony is such that it will naturally give them such an advantage. I also say that they are quite right in seeking to get what they can, but I say let them not do so at the expense of the revenue of this colony. A member of the Victorian Legislature—Mr. Hood, the member for Belfast—at the opening of the line to Kyneton, in April, 1862, is reported in the *Argus* of the 10th of May last, to have expressed himself as follows, in proposing the toast of the Executive Council:—

If the railways were to be successful in developing the resources of the colony, it would be for the Executive Council to carry out the original intention of the undertaking, and bring the navigable rivers of the country into communication with the railways. There were between 7,000 and 8,000 miles of navigable rivers centralising on Echuca, and no one would object to the railway being extended to that place as soon as possible.

In the same newspaper—the *Argus*—on the 10th of May last was the following:—

The Government of New South Wales is placed in a perplexing position with relation to the Customs' duties which it would fain levy upon taxable commodities crossing its frontier. It is found impraticable to collect them, and the neighbouring colony is unwilling to forego them. Even if it could establish a little army of revenue officers on the Murray, and maintain a vigilant supervision of merchandise crossing the river from the Victorian side, smuggling would spring up, and goods would be "run" with impunity. And the same thing would happen on its northern frontier, where the districts lying more contiguous to the ports of Queensland than to those of New South Wales, would naturally draw their supplies from the former colony, and would endeavour, if possible, to evade payment of a double duty, or to contribute to the support of two Governments. So far as Victoria is concerned it undoubtedly commands, and must eventually monopolise the trade of an immense tract of country which nominally belongs to New South Wales, but is commercially a part of our own colony. When the railway is completed to Echuca settlers on the Murrumbidgee, the Darling, and the Edward will be able to receive their stores from and send down their wool to Melbourne more expeditiously and economically than settlers will be able to do in some of the more remote districts of Victoria. As it is, the southerly and south-westerly portions of New South Wales are less distant from Melbourne than from Sydney, and a considerable trade has arisen in consequence between this city and the squatters and others who occupy the country on the other side of the Murray. This is not only displeasing to the merchants of Sydney, but unsatisfactory to those who administer the public finances. But if the transriverine settlers prefer to buy in the nearest and cheapest market, and that market happens to be our own, we really cannot prevent it, and do not think that our neighbours will be acting in a very paternal spirit towards their fellow-colonists if they resort to any illegitimate expedients for obstructing the natural course of events. It is perfectly certain that, if they could succeed in excluding merchandise received through Victoria from the Murrumbidgee district, its inhabitants would find the cost of every imported commodity they consume immensely enhanced by the difficulties and expense of transport *viâ* Sydney. Four years will elapse before the railway now in progress is completed from that city to Goulburn, and when that is accomplished an arduous journey through a difficult country must be encountered before reaching Gundagai, the outpost, as it were, of that extensive district which lies between the rivers Murrumbidgee and the Murray; so that, as the *Sydney Morning Herald* observes, "the Victorians have the vantage ground at present in commanding the trade of our interior, and are likely to continue to command it, greatly to the improvement of their railway dividend. Even our western gold-fields," the same authority goes on to remark, "seem open to invasion in the rear, for the level nature of the country offers great facilities to travellers from the Murray to the Lachlan." Those gold-fields are not merely "open to invasion;" the invasion has actually occurred, since we learn from an article in the *Border Post*, which we lately republished, that "dray loads upon dray loads of grog, tobacco, &c., are daily crossing the border at Albury *en route* for Lambing Flat and the Lachlan; and although Victoria cannot expect to command the whole trade of these distant diggings, she is yet securing, as tradesmen's circulars say, 'a fair share of patronage.'" This is not altogether the reward of superior enterprise, but the result of geographical position; and the advantages thus acquired will be necessarily strengthened and extended in proportion as we push forward our trunk line of railway in the direction of the Murray, the completion of which will be tantamount to the annexation (in all but a political sense) of the Murrumbidgee, if not of the Lachlan district, to Victoria. Such a prospect, involving, as it does, a considerable loss of Customs revenue to the neighbouring colony, is viewed with considerable disapprobation,

not to say uneasiness, by the Government of New South Wales; and it points strongly to the necessity of some federal action being taken for the establishment of a uniform intercolonial tariff.

I think that this shows that there is every determination on the part of the people of the southern colony to take advantage of their geographical position in this respect—and that it is time that something should be done. The proposition which has been made by the New South Wales Government in regard to this matter has been agreed to by the Government of Victoria, and also, as I believe, agreed to by the Government of Queensland. The proposition which has been made is this: That there shall be a mutual conference between the three Governments for the settlement of an intercolonial tariff. At the present there is some little difference between the tariffs of the three colonies, but it does not amount to much; and I therefore think it a very favourable time for such a mutual settlement to be made. The tariffs of New South Wales and Queensland are identical and between the tariffs of New South Wales and Victoria the difference is but very trifling—three shillings less upon rum, or something of that sort. I think, therefore, that if we can manage to assimilate our tariffs, without doing any injury to any one of the colonies, it will be one of the most onward steps that has been taken since the colonies were established. The conference I allude to may not have this result, but it will at any rate pave the way for its accomplishment, so that the desired end will be attained at no distant period. I have no doubt that if the various colonies determine to meet on this important subject, that much benefit will result, as the conference will pave the way for a proper adjustment of the question. What is the position of these colonies now? Do they not, in so far as financial policy is concerned, present a spectacle of ridicule to the whole world? Each with a different tariff, seeking to protect itself against the other, it was not surprising that their position should excite ridicule abroad. I hope, Sir, the time is not distant when this anomalous state of things will cease; that we shall sweep away all these obstacles to our mutual advancement, all these provisions for border customs, and by assimilating our tariffs be enabled to enter into some mutual arrangement under which each colony will receive that proportion of revenue to which it is entitled. It is with this opinion, and considering the near approach of the proposed conference, that I feel I should not be justified in proposing any alteration of our tariff at the present time. It would be trifling and displaying insincerity if, while professing a desire for uniformity of tariff on the one hand, we took on the other a step that would tend to make the existing difference still wider. It would, in my opinion, be folly to widen at such a time the difference between the tariffs. I hope that in avoiding this I am assisting to lay the foundation of a settlement of this important question, and that the intended conference will have the effect that I have stated. I think we are this much nearer to a settlement, that we have the expression of one common feeling in favour of a uniform tariff. At any rate we should do nothing that might have the effect of delaying a settlement that appears probable, and which must, I am satisfied, prove beneficial to all the colonies alike. I have now, Sir, to thank hon. Members for the patience with which I have been favoured while dealing with what must be regarded as a very dry subject. A financial statement involving no new taxes and proposing no alteration of tariff must, I feel persuaded, be deemed dry and uninteresting, and I have therefore the greater reason to feel obliged to hon. gentlemen for the indulgence which they have extended to me on this occasion.

THE HONORABLE THOMAS WARE SMART.

NEW SOUTH WALES.

The Financial Statement of the Honorable Thomas Ware Smart, made 3rd September, 1863.

[*From the Sydney Morning Herald of 4th September*, 1863.]

LEGISLATIVE ASSEMBLY.

Thursday, 3 *September*, 1863.

FINANCIAL STATEMENT.

Mr. SMART said: I beg leave to move that towards making good the supply granted to Her Majesty, the sum of £1,458 be voted from the Consolidated Revenue Fund of New South Wales. In moving this resolution, I must say, and I do so with much regret, that I cannot congratulate the committee and the country upon the state of our finances. On reference to page four of the Ways and Means, hon. Members will perceive that there is an estimated deficiency on the 31st of December, 1863, of £439,471 14s. 9d., instead of, as my predecessor contemplated, a surplus of £55,274 11s. 5d. I may say, without hesitation, that this is a state of affairs I very much regret to bring forward, and the committee will see that I am placed in a very unpleasant position with regard to the finances of next year. For this state of affairs I take no responsibility. All that I can admit is that the account now submitted to the House furnishes a faithful statement of the finances of the country. Upon my entering office, the first thing that engrossed my attention was the financial statement to be made to the House. I lost no time in putting an officer of the department in motion to prepare this statement, with which I was ready at an early period of the session. I was in a position, if circumstances had not prevented it, to bring down my Ways and Means, and Estimates of expenditure within three weeks after Parliament assembled. From the account prepared up to the 31st December, 1864, hon. Members will see that there is a gross estimated deficiency of £653,811 14s. 9d. From that I propose to take £439,471 14s. 9d., the estimated deficiency at the end of 1863, leaving a sum of £214,340 to be dealt with separately as for next year. I will, as briefly and as clearly as I can, first explain the causes of the estimated deficiency at the end of 1863: The most important of these is that my predecessor has always looked forward to a better state of things than the results justified; he looked for an increase of revenue from sources whence it was not likely to rise, and thus allowed himself to be led into error in the Ways and Means of last year. Beginning with 1862, I may mention that the revenue estimated by my predecessor was £1,712,881, whilst the amount actually received during that year was £1,568,308, showing a deficiency in the actual as compared with the estimated receipts of £144,573. For the first half of the year 1863 the revenue received is £801,870, and it is estimated that for the other half we shall receive the sum of £829,447, making a total of £1,631,317 for the year, as against £1,785,690, estimated by my predecessor, thereby showing a total estimated deficiency of £154,373. This, added to the deficiency of 1862, will make a gross deficiency of £298,946. To account for these deficiencies I have statements to show where they have arisen. For the year 1862 there are some few items in excess of the Estimates, but there are deficiencies under the following heads: Customs, £39,325; Colonial spirits, £4,048;

gold, £10,740; Mint receipts, £4,714; land revenue, £58,441; fees of office, £3,520; fines and forfeitures, £871; electric telegraph receipts, £1,159; pilotage, harbour dues, and fees, £51; tonnage dues (Newcastle), £85; interest on city debentures, £21,743; miscellaneous receipts, £6,293; Bishopthorpe estate, £200—making a gross deficiency in that year of £151,190. From this I have to deduct an excess of actual over-estimated revenue amounting to £6,617, which is made up of £1,388 for postage, £1,363 for licenses, £904 for rents (exclusive of land); £1,777 railway receipts; £1,145 immigration remittances; £40 Chinese rates. This sum of £6,617 deducted from the gross deficiency leaves a sum of £144,573 as the actual deficiency in the revenue for 1862. I now come to the year 1863. The estimate for the last half of this year is calculated only as far as we are able to do it according to the receipts of the past year and those of the first half of the current year. For the year 1863 the estimated deficiencies are as follows: on customs, £27,853. It has been said that an enormous sum has been paid as customs duties on account of an anticipated alteration of the tariff; but according to the Collector's statement, the whole amount received in that way was but £40,000, of which £10,000 have been repaid in drawbacks. Besides, the revenue has fallen off since then in consequence of this temporary "rush," as it was called, and I question very much whether the revenue for the whole year will be any greater than if no such rush had taken place. The estimated deficiency in the land revenue of this year is £124,895, and in the gold revenue £28,128; Mint receipts, £19,574; fees of office, £4,228; rents (exclusive of land), £1,467; pilotage, harbour dues, and fees, £468; tonnage dues (Newcastle), £80; miscellaneous receipts, £2,669—making a total gross deficiency of £209,362. I may mention in justice to my colleague the Colonial Secretary, that he differs with me as to this estimate; but being desirous to have a surplus rather than a deficiency, I confess that I have made the estimate as high as I can whilst for 1864 I have taken the very lowest estimate. Against the estimated deficiencies of 1863 there are some estimated excesses; these are for duty on refined sugar, £17,500; postage, £972; money orders commission, £502; licenses, £1,780; fines and forfeitures, £2,158; electric telegraph receipts, £3,146; immigration remittances, £1,504; interest on city debentures, £21,742; Chinese rates, £100; and Bishopthorpe estate, £400—making a total excess of £54,989, which deducted from the gross deficiency leaves a net estimated deficiency of £154,373. No doubt the deficiency in the account for 1863 has been much increased by charges that ought to have been made years ago,—by charges that ought to have been placed on the Supplementary Estimates of 1861 and 1862. The Supplementary Estimates have been in the hands of hon. Members for some time, and no doubt have been carefully considered. I have had them prepared in such a way as to show against what year the different amounts ought fairly to be charged and I find that of the total amount of the Supplementary Estimates no less a a sum than £160,777 should have been charged upon 1862 or previous years, but as it was not, I have brought it forward against the account of this year. I shall not go through all the details of the Supplementary Estimates, but only refer to a few of the principal items contained in it. For the Police the sum of £32,199, will be required chiefly owing to a deficiency in the votes of 1862 for the Police and the gold escorts. For the Registrar General's department an additional sum of £4,615 is rendered necessary for the purpose of carrying out the provisions of the Real Property Act; for National and Denominational Schools, £10,000—an amount already expended; for Asylums for the Infirm and Destitute, in addition to the amount already voted, £2,765; for charitable allowances, £12,101; for seed wheat and oats distributed, £13,500; for distilleries and refineries, in order to carry out the provisions of the new Act, £652; for the Post Office, an additional sum of £7,995, required chiefly for an increase of country postmasters in 1862 and 1863, and a deficiency in the provision made for the steam postal service of 1859. For the Money Order Department, a new service, £4,459 will be required. Of this amount £2,000 is for a loan to the department, already in course of repayment, so that the actual charge on the revenue will only be £2,459. We then have for stores £70,684. This large item is almost entirely composed of the actual

and estimated cost of warlike stores, purchased, or ordered to be purchased, in England for the service of the colony, and to the increased consumption of stores by the police. In this item is also included the sum of £17,000 to be paid for Armstrong guns ordered from England. These may not arrive during the present year and, if not, that amount will not have to be paid out of this year's revenue. Having however been ordered and sent for, provision must of course be made for them on the Estimates. There is also a sum of £4,000 for revolvers and carbines to arrive. Then we have for Telegraphic Messages, £5,920; for gold, &c., lost by robbery of Government escort in June, 1862, £13,490; and for Survey of Lands, £20,050. This last item consists of a deficiency in votes for commission on land sales, &c., for 1862, of fees to Licensed Surveyors for 1861-2, and of an increase in the staff of the department rendered necessary by the increased work thrown upon it. For the Gold-fields, £3,064 are required. Of this amount £1,500 are required to meet unforseen expenses at the gold-fields for 1863, inadvertently omitted in the General Estimates by the Lands Department. For roads other than main roads, £13,996 are required; a portion of this sum has already been paid under the authority of the Executive Council. For Miscellaneous Services there is a sum of £19,017, chiefly for expenses incurred under the Cattle Disease Prevention Act. For works and buildings, some of which are already in progress, £46,414 are required and for roads and bridges, £6,439; for electric telegraphs, £1,819, and for miscellaneous, services, £1,971; the principal of which are the preliminary expenses of the late Morpeth Railway Company, and the payment, in accordance with a resolution of the Assembly, of Mr. Lenehan's claim for furniture supplied to Government House. These are the principal items of the Supplementary Estimates, which amount in the aggregate to £332,175, and which with the amount to be raised by loan, bring the total up to £353,854. Though the Estimates have been made up as carefully as could be, I think it right to mention that I shall, if I have the honour to retain my position, have to come down to the House, before the year is out, with a further Supplementary Estimate for this year, for, notwithstanding this present large Supplementary Estimate, the sums contained in it will not be sufficient for the service of 1863, as we are already without funds for carrying out several important works. Already £13,000 have been paid in anticipation of this further Supplementary Estimate. Altogether we shall require £50,000 or £60,000 more. Exclusive however of that further Estimate there will be a sum of £439,471, or, in round numbers, £450,000, unprovided for at the end of this year. I intend to propose to the House to provide for this sum by loan —by debentures payable in five years— if it should be necessary to issue them. I do not see how I can carry on the financial affairs of the Government if I have not the power of doing this, unless by using the trust moneys now in our hands, and that I would rather not do. All I ask is that this sum shall be provided for—that I shall have power to raise it by loan if I require to do so. Possibly I may not require to use the power. The present is a fruitful month for revenue, being the one in which the assessment portion of the land revenue comes in. But I think that I ought to be placed in an independent position—one that would enable me to pay off the charge at once if necessary. I do not see any better way of doing this than by the issue of debentures. In going through the Estimates it appears that there have been what are termed savings —a term which, I think, has been very properly applied. The Auditor General certified in 1863 to a sum of £112,630 having been saved upon the votes taken in 1861 and 1862. It is clear to me that there will be a saving to that amount, and I happen to know that there will also be a further saving on the votes of 1862, as well as considerable savings on those of the present year. With these savings, which are principally effected upon public works and buildings, the probability is that I shall not require these debentures; but, nevertheless, I shall ask the House to give me the authority to issue them, in the event of my requiring to use them. I ask the money only to clear off this deficit, but I would never consent to borrow money to pay current expenditure. Before I dispose of this branch of the subject, I may say that there is an item which I am entitled to take into

account, although I have not done so. It is the sum of £353,683, being the amount of the balances due by conditional purchasers of land, on account of their selections. As the money will be due next year, I am entitled to take credit for it. It will be a disgrace to any Government, no matter what it may be, if they do not get it. If I remain in my present position I will leave no stone unturned until I do get it. I do not expect, of course, that it will be all paid next year, but I think we may depend upon receiving £40,000 or £50,000 from persons who are anxious to get titles for their land, and who would be willing to pay even now if they were allowed. Although the amount will be paid off year by year, still I am entitled to take the whole sum into account. [Mr. ROTTON: There are plenty who will pay now if you let them.] So I say. [An honorable Member: "They are not bound to pay at the end of the three years."] No; but then they will be chargeable with interest. If they voluntarily come forward and offer the money I can and will take it. [Mr. LEARY: "But I understood you to say that you would compel them to pay."] What I meant to say was that I would insist upon the terms of the conditional purchase being carried out. I now invite the attention of hon. Members to No. 3 of the Ways and Means. It will be seen that the estimated charges on the Revenue for 1864 amount to £1,905,490, whilst the revenue is estimated at only £1,691,150, showing an estimated deficit on the year of £214,340. Whether the House will sanction the proposed expenditure is not for me to say; but, as I find it on the Estimates, it is my duty to provide for it. I will now go through a few of the items that make up this large increase in the Estimates for 1864. In the first place we have an increase of £1,000 for the Naval Brigade, £2,500 having been voted last year, whilst £3,500 are required this year. Then we have an addition of £8,029 for extension of gaols under the District Courts Act; for the Registrar General, £4,720, to carry out the provisions of the Real Property Act, and for National and Denominational Schools, £10,000. For the asylums for infirm people there will be required an increase of £2,000; for charitable allowances, £2,400; and for the Customs an addition of £2,239 is rendered necessary principally by an increase in the business of the department. There will also be a sum of £775 required for carrying out the provisions of the Act recently passed in reference to Colonial distilleries. While upon that item, I may mention that we are losing at the present time about £1,200 a-year, independent of the losses sustained by the revenue, in consequence of the passing of that Act. We should have been in the receipt of £1,200 a-year more from the distilleries, but for a defect in the Act. As it will be necessary for the House to authorize us to receive that money, I propose to bring in a Bill for the purpose as soon as I possibly can. There will be required for the Post Office, in addition to the present expenditure, the sum of £6,172; for the Money Order Department, £2,400; for the Colonial Stores, £11,613; for miscellaneous services, £4,500; and for the survey of lands, £11,036—an increase rendered necessary by the appointment of the Deputy Surveyor General, the Inspector of Land Offices, an increase in the number of draughtsmen and clerks, and an increase in the proposed vote for licensed surveyors. For the Occupation of Lands an increase of £1,050 will be required, owing to the proposed appointment of a chief clerk and accountant. There will be required an increase of £1,535, owing to the appointment of two examiners and three inspectors. For railways, an increase of £6,585 will be required—principally for the working expenses of the Windsor and Richmond lines. For Public Works, in connection with the improvement of harbours and rivers navigation, an increase of £5,800 will be required; for roads and bridges, £5,675; and for other public works, £23,165. Under the head of special appropriations £40,000 additional will be required for payment of interest on debentures, and £5,000 for drawbacks. This latter item will be required principally in consequence of the large quantities of tea and sugar that were taken out of bond in May and June last during the excitement in reference to the expected alteration in the tariff, which have since been shipped to other ports. These items make together a sum of £154,689, that being the total increase in the Estimates for 1864 as compared with those for

1863. Against that side of the account I may mention that the estimated revenue for 1864—a very low estimate being taken—is £1,691,150, against £1,631,317 for this year. I believe that estimate to be a very low one, and that it will be considerably exceeded. There can be no doubt that the revenue has been steadily increasing for several years past, as I will show by figures. In the year 1855 the revenue amounted to £1,002,636; in 1856 it was £1,101,876; in 1857, £1,156,966; in 1858, £1,368,390; in 1859, £1,511,964; in 1860 (when Queensland was separated from this Colony), £1,309,891; in 1861, £1,432,406; and in 1862, £1,611,570. I think these figures afford a certain indication of the prosperity of the Colony. Well, I estimate that there will be an accumulated deficiency at the end of 1864 of £653,811 14s. 9d. I have given the matter much consideration, and I see no other way in which that deficiency can be provided for than by borrowing money to cover the amount estimated to be deficient at the close of 1863, which I am prepared to recommend; and by increasing the taxation to meet the estimated deficiency in the revenue for 1864. I will now mention the items on which I propose to increase the taxation. First of all, I may say that the Post Office has been quite a drag upon the revenue, which ought not to be the case. I do not think it a proper principle that the expense of the Post Office should be borne by the general revenue. This year that department will be carried on at a cost to the country of £54,000. Two years ago a Board was appointed to inquire into the working of the Post Office department, and I, as a member of that Board, agreed to recommend to the Government that an increased postage should be placed upon letters, and also a tax upon the postage of newspapers. And I am now quite prepared to brave any unpopularity that might be incurred from recommending the tax on the postage of newspapers. My colleagues, however, do not concur in that recommendation. There are no doubt many objections to the proposal, but I confess I do not see the soundness of them. If we are to carry newspapers a distance of four or five hundred miles into the interior, I do not see why we should not charge for doing so. My advice has, however, been overruled by my colleagues, and I do not therefore intend to propose any charge on the postage of newspapers. I confess, nevertheless, that my opinion remains unshaken, and I should like to see the charge imposed. I propose, however, to increase the postage on town letters from 1d. to 2d., and on inland letters from 2d. to 4d. I may mention that, in the sister colony of Victoria, where there are railways for a length of 120 miles in different directions, the postage rates are the same as those I now propose. At the same time I may say this—that I would not raise the present rates if the Post Office paid its own expenses. Then I propose to tax bills of exchange, inland and foreign, and promissory notes, not payable to bearer, on demand, at the following rates:—For £50 and under, 1s.; exceeding £50 and not exceeding £75, 1s. 6d.; exceeding £75, and not exceeding £100, 2s.; and for every additional £100, and any fractional part of £100, 2s. [Mr. PIDDINGTON: What is the estimated amount of tax to be raised on bank notes?] The amount is £14,000. The next tax I propose to make is on promissory-notes payable to the bearer on demand, issued by any bank or banking company, at the rate of, for every £100 of the average amount as certified under 4 Vic. No. 13, 25s.; and on drafts, cheques, or orders for the payment of any sum of money to the bearer on demand, 1s. The additional taxation on postages would, according to the number of letters now posted, realize £40,000 a year; but allowing for a falling off in the number in consequence of the higher rate, the amount has been estimated at £25,000. The additional postage and the taxes on bills of exchange can be collected without any additional expense; and the taxes on promissory-notes I propose to be made payable every quarter as the bank returns are sent in to the Government. I believe that Custom-house duties are the most reasonable duties that can be imposed. They fall upon all alike, and are easy of collection. And one reason why I propose additional Customs duties is that they can be collected without incurring additional expense. The articles upon which I propose to place additional duties are those which may fairly pay increased taxation without in any way affecting the comfort of the poorer classes. I

propose that boots and shoes shall pay a duty of 6s. per dozen pair; candles of all descriptions, 1d. per lb.; playing cards, 21s. per dozen packs; carpets, 3d. per yard; and carriages—with four wheels, £5 each, and with two wheels, £2 10s. each. I am quite prepared to admit the difficulty there is with regard to this item, owing to the immense difference in the value of imported carriages. The next item is cement, on which I propose to place a tax of 2s. per barrel; on confections and preserves I propose to put a tax of 2d. per lb.; on corks 3d. per lb.; on dried fruits, nuts, and almonds, 10s. per cwt.; on hops, 20s. per cwt.; on malt, 6d. per bushel; and on musical instruments the following taxes: Grand pianofortes, £5 each—upright or square, £2 10s. each; harmoniums, 10s. each stop; concertinas, accordeons, and flutinas, 2s. 6d. each; and brass instruments, 9s. per lb. I propose also the following taxes:—On oils, 3d. per gallon; on plate gold, 20s. per dozen; on plate silver, 1s. per dozen; on pickles, preserved in vinegar, 3d. per lb.; on rice, £5 per ton; and on salt, 20s. per ton. It is nonsense to say, as some have done, that the tax on salt will be a burden upon the poor man, for I do not think, under ordinary circumstances, he will have to pay more on account of this duty than three-halfpence per year. It does not amount to half a farthing a pound. The next item of duty I intend to propose is 1s. per ton on the registration of ships. That is an expensive item; but as it is necessary that clerks should be in attendance to measure ships, I think it only proper that such a charge should be made. The next items are silks and satins, on which I propose to levy a duty of 5s. per lb. I also propose to put a duty of a halfpenny per lb. on soap; 5s. per gallon upon varnish containing any quantity of spirit; 5s. each upon gold and 2s. 6d. upon silver watches, and 2s. 6d. upon clocks. I also propose to place a duty upon timber of 1s. per load of fifty cubic feet, and upon vinegar 6d. per gallon. These are the several items I propose to introduce to the House as the new tariff. There are, however, two or three items of the existing tariff that I also propose to increase. I propose to increase the Customs duties on ale, porter, and beer from 1d. in wood, and 2d. in bottle, to 3d. per gallon. I propose to increase the duty on coffee and chicory from 2d. to 3d. per lb., and to increase the duty on wine from 2s. to 3s. per gallon. These are the only items in the existing tariff with which I propose to interfere. In addition to these items, I intend to impose a duty of 10s. on every entry of goods shipped for drawback—a small charge which will do little more than cover the expense. Then there is another item of £1,500 for sufferance wharfs. This is a matter, however, which has been anticipated by the Bill now before the House. The total amount which I estimate will be raised by these additional duties is £238,800. Well, these are the items from which I propose to raise revenue to meet the estimated deficiency in the revenue of next year. I will now call the attention of hon. Members to the revenue which has been derived from the Customs during the last three years, to show that it has been gradually increasing. In 1862 the revenue was £609,373; for 1863 it will be £644,147; and it is estimated that in 1864 it will amount to £621,000. There is also a sum of £45,000 as the estimated duty on refined sugar and molasses. The duty on spirits distilled in the colony was in 1862, £35,643; in 1863 it will be £40,000. In some of the items of revenue there has been a decrease. The Mint receipts were in 1862, £32,807; in 1863 they will be £22,426; and the sum of £24,000 is set down for 1864. The gold revenue in 1862 was £87,890; for 1863 it will be only £50,072; but it is estimated that the revenue in 1864 will amount to £51,100. The land revenue in 1862 was £416,770; for 1863 it will probably be £371,095; and it is estimated that the receipts in 1864 will amount to £431,700. The postages in 1862 amounted to £56,305; for 1863 they will be £56,972; and it is estimated that in 1864 they will amount to £62,000. The money orders commission in 1862 amounted to £502, and it is estimated for 1863 at £1,070. That is a large increase, and I have no doubt that as the system is extended it will be considerably augmented; but whether the establishment will be a paying one I am not prepared to say. I have some doubt of it but it is worth a trial. The licenses in 1862 amounted to £74,003; for 1863 they will be £76,910; and they are estimated at £80,910 for 1864. The

fees of office in 1862 were £24,631; for 1863 they will be £24,132, and they are estimated at £26,970 for 1864. The rents, exclusive of land, were in 1862, £22,676; for 1863 they will be £22,341, and they are estimated at £23,028 for 1864. The railway receipts in 1862 were £97,029; for 1863 they will be £137,185; and they are estimated at £142,000 for 1864. The electric telegraph receipts were, in 1862, £23,440; for 1863 they will be £33,146; and it is estimated that in 1864 they will amount to £35,000. I have great satisfaction in informing the committee that the progress of the telegraph department is very encouraging, and I have a report before me in reference to that department, which, with the permission of the committee, I will presently read. The immigration remittances were, in 1862, £21,145; for 1863 they will be £26,504; and it is estimated that they will amount to £30,000 in 1864. The pilotage rates and harbour dues amounted, in 1862, to £14,339; for 1863 they will be £15,032; and for 1864 they are estimated at £15,000. The interest on city debentures for 1862 was £10,000; the revenue from this source for 1863 will be £42,664, and for 1864 it is estimated at £20,872. The miscellaneous receipts in 1862 were £34,299; £38,331 is the amount set down for the present year, and the estimated revenue from this source for 1864 is £31,520. The total revenue of 1862 was £1,568,308; the total revenue of 1863 will be £1,631,317; and the estimated revenue for 1864 is £1,691,150. It will thus be seen that on the whole there has been a gradual increase in the revenue during the last three or four years. I will now read the report to which I referred a short time ago, relating to electric telegraphs. It is from Mr. Cracknell, the superintendent, and was prepared at my request. It says:—"Telegraphic extension has made a vigorous advance, the colony now possessing 2,174 miles of lines, having 2,539 miles of wire, which may be divided as follows:—Southern lines, 924 miles of line, 1,289 miles of wire; Western lines, 533 miles of line; 533 miles of wire; Northern lines, 717 miles of line, 717 miles of wire. Total, 2,174 miles of line; 2,539 miles of wire, which will be further increased to the extent of 2,800 miles by the end of the present year. The extensive progress here shown, and the fact that it is only five years since telegraphic communication commenced in New South Wales, prove that the spirit of enterprise has not been absent in this important matter, while the financial results show that telegraphs have been fully appreciated by the public. The financial features of the telegraph exhibit an encouraging improvement, which augurs well for further progress; and when the works now in course of construction are completed a further increase in the revenue of the department may be expected. The following shows the business done on the lines during the last three years:—1860, messages, 53,951; receipts, £12,136 13s. 2d. 1861, messages, 74,224; receipts, £16,542 8s. 9d. 1862, messages, 104,660; receipts, £25,513 9s. 8d. The financial results of the business of these three years were as follows:—In 1860 the expenditure on lines open for traffic was £48,454, the gross revenue £12,136, the working expenses £9,408, the profits £2,728, or 5⅝ per cent. In 1861 the expenditure on lines open for traffic was £60,615, the gross revenue £16,542, the working expenses £12,915, the profits £3,626, or 6 per cent. In 1862 the expenditure on lines open for traffic was £116,234, the gross revenue £25,513, the working expenses £16,780, and the profits £8,733, or 7¾ per cent." This would still leave a considerable profit even if we were to deduct the Government messages, which do not cost more than three or four thousand pounds a year. The report continues:—"These results may be considered the more satisfactory considering that many of the stations, which are necessary for the maintenance of the through lines, return little or no revenue, and that several of the late extensions have not yet had sufficient time to develop themselves, it being always found that branch lines pay better after the first year from their opening. The results also afford indirect, but valuable, assurance that whenever it may seem desirable to take action in the establishment of the Anglo-Australian telegraph, that inestimable boon may, as a remunerative undertaking, be secured without fear of enlarging the public burthens." I will now refer to another document in order to show our position in the monetary world, and the value of

our securities in the London market. Our debentures have steadily increased from 96 in 1862 to 99¼, 99¾, 100, and 102 in 1863, and now 103 and 104 can be obtained. This, it will be admitted is satisfactory. I have several other returns which I might read, but I will not trouble the House with them. I have not the eloquence of my predecessors in office, but I have endeavoured to deal with this matter in a practical way. I hope I have satisfied the House; if so, I am gratified; if not I am sorry, as I have done my best. It only remains for me now to move the resolution already read to the Committee.

The Honorable Geoffrey Eagar.

NEW SOUTH WALES.

The Financial Statement of the Honorable Geoffrey Eagar, made 2nd December, 1863.

[*From the Sydney Morning Herald of 3rd December*, 1863.]

LEGISLATIVE ASSEMBLY.

Wednesday, 2 *December*, 1863.

FINANCIAL STATEMENT.

Mr. EAGAR said: Mr. Wisdom, in submitting, according to custom, the financial statement of Ways and Means to this Committee, I feel that I stand in a position of greater responsibility than any of my predecessors, for the reason that not alone have I to declare the financial policy of the Government to which I belong, but I have to occupy the delicate and invidious position of arbiter between the late Government with their differences in regard to the alleged deficiency on the one side, and this Committee and the Country on the other—a position, I beg leave to say, that has not been occupied by any preceding Finance Minister. The House will recollect that in the early part of September the hon. gentleman who preceded me in the difficult position which I occupy brought forward his Ways and Means—a public document which was laid upon the Table of the House. He estimated that at the end of 1863 there would be a deficiency of £439,471, and that at the end of 1864 there would be a deficiency of £653,811. These figures were startling enough, but they did not occasion great surprise, because the public were prepared on the announcement of the policy of the late Government to find something of that kind, though not a deficiency to that extent. In the course of the ensuing financial discussion in Committee of Ways and Means, the position assumed by the late Minister and his presumed authentic figures was sought to be controverted by the late Premier and the Minister for Lands. They took up different positions and different grounds of contradiction. The Hon. Member (Mr. Cowper) endeavoured to explain away the deficiency by taking it for granted that the Treasurer had a right to take into account those mysterious items called savings; these he said the Treasurer had a right to claim credit for. Of these so-called savings there was said to be a present sum of £100,000, and a prospective amount of £200,000. He also stated that there was a possible land revenue beyond their estimate, and he brought forward other figures, altogether reducing the deficiency as stated by the late Treasurer to the extent of £600,000. The Hon. Member then enlarged upon the condition of the Country, upon the soundness of its business, and the magnitude of its resources—matters that no one had brought in question. He took occasion to state the amount of money expended upon public works, education, and other useful things, which he said had been done without a single item in the way of fresh taxation. He also urged that, in the face of these facts, the House would be right to exonerate the then Treasurer from the misfortune of his previous statement, and to regard it as a fact that there was no deficiency at all. The late Secretary for Lands followed the same suit on the question. He enlarged upon the fact of a constantly increasing land revenue, and intimated that the one great defect in the Treasurer's statement was that he under-estimated the land revenue for the remainder of 1863 and for the year 1864. Having laid that flattering unction to his soul, he brought it forward

to show why the alleged deficiency had no tangible or bodily existence. I must do the late Treasurer the justice to admit that, in the first instance, he made (as far as he knew the condition of the public finances) a reasonable, fair, and straightforward statement; but I must blame him, having deliberately put his name to figures, for abandoning them. I blame him for making a specific statement without the requisite previous inquiry, and subsequently modifying the fatal error into which he had run. He followed in the suit of the Chief Secretary and Minister for Lands, and on the 24th of September adopted the apology they had furnished, no doubt feeling that he left the comfortable impression upon the Committee that the fact of a deficiency existing was completely explained away. It must now be evident that no such result was produced upon the minds of the Committee. The artful pleading of the late Chief Secretary, the bluster and romancing of the Minister for Lands, and the special pleading of the Treasurer himself, did not produce the contemplated effect upon the Committee of Ways and Means, and the appearance of myself and colleagues on these benches is about the best evidence I can adduce on that point. The late Attorney-General blamed the House for giving way to the too frequent calls of country Members for expenditure on local public works. Seeing this antagonism and confusion among Ministers, the House lost confidence in the Treasurer's figures. It was amid this confusion of figures, erroneous statements, and errors of judgment, that the present Ministry took office, and it is clearly my first duty to lay before this Committee a correct statement of the public finances as they will stand at the close of the year. I have adopted an unusual course, which, however, I hope will meet with the approval of the Committee. I have discarded the conventional form of previous Ways and Means. I have divided them into two Parts. Part I makes up the public accounts to 31st December instant, and shows clearly the estimated deficit at the close of the present year. Part II exhibits the estimated revenue and probable expenditure for next year, showing a large deficiency, for which, however, we are not responsible. The accounts, embraced in Part I, differ from all preceding statements laid before Committee of Ways and Means in this particular,—that while preceding Treasurers dealt in estimated figures, these are real and ascertained figures, brought together with the authority of the Auditor General. This document shows the exact state of revenue (as nearly as can be ascertained) at the close of the present year. The House will see that on the 31st December, 1863, there is a balance of estimated deficiency of expenditure over and above the estimated revenue to the extent of £534,539 8s. 6d. I have dealt with the affairs of the Country as if I were dealing with the estate of a firm in embarrassed circumstances. Those who know my previous career will admit, at all events, that I am qualified in that point of view to go into the accounts. The firm or co-partnery whose embarrassed estate I have been called upon to manage I may be permitted to call Cowper & Co. That firm alleged that they had successfully managed public affairs; but suddenly the creditors (the Country), as represented in the Assembly, began to be suspicious that all was not right, and looking into the state of affairs their suspicions seem to be well founded. The new set of co-partners have performed the task of investigating the condition of the estate, and of putting a right, just, and true statement before you the creditors. It is in this plain, business-like way that I have dealt with the affairs of the Country; and I have commenced my account on the 1st November, 1863. The first paper I shall refer to is the account current of the Consolidated Revenue Fund in relation to the charges thereon, from the 1st November to the 31st December, 1863; and I will now state the reasons for taking this date of the 1st November. We took office on the 16th October. In paying public money for public purposes, the various public officers send in monthly accounts to the Treasurer and the Auditor General of all the cheques drawn by them for the service of their departments during the month. By fixing the date I determined upon a time at which the whole expenditure of the Country, in so far as it had gone, could be posted up. I could not fix the later date of the 1st December, because I expected to have made this statement last week, and should have done so had not the business of the House been

delayed by the Hon. the Premier not being able to take his seat, awaiting the return of the writ. And now, what is the first item of this account? I will first state briefly that in the mode by which I have dealt with these figures, I have altogether discarded all estimated balances, and have dealt only with actual and ascertained figures. I desired to put it this way. I take the 1st November, and I say what are our actual liabilities, and what is our cash in hand on that day. And first what is our position with regard to the cash in hand? So far from having revenue in our coffers wherewith to meet the current expenditure of the Country at that date, the revenue account was overdrawn £33,116 3s. But the Committee will pardon me if for a short time I retrace my steps. Whilst proposing to deal with the affairs of the Country in the same way as I would have done with an insolvent estate, I wished to do so in such a way that it should not be said that, from personal feeling or from party bias, I had made the amount of deficiency more than it really was. In order to put it out of the power of every individual, either in the House or out of it, to say that I had made the balance more or less than it should be, I sought the valuable assistance of the Auditor General—that gentleman upon whom Mr. Cowper so recently passed a very high eulogium. In this I am very happy to concur with him, because, in my opinion, there is no more painstaking or truthful officer in the service of the Country. This is the reason why the return is so bulky. I applied to the Auditor General, and from him I obtained these figures, taken from the books of his office. So that in dealing with this mass of figures, the Committee will understand that, whilst the collocation is mine, the details have been supplied by the Auditor General. I make this statement in order to prevent Hon. Members from getting up and saying that, from personal or party motives, I had presented figures to the House from any other than an authorized source. Instead, then, of being able to tell the Committee that, on the 1st November, I had £50,000, or £5,000, or even £1,000 in hand, I am in the sorry position of having to state that our account is overdrawn; and for a confirmation of this I refer to the document marked A, being a statement of the balances at the credit of the Treasurer on the 31st October, 1863. This has been furnished in my department, and bears the signature of the Accountant, Mr. Wells. From this it will be seen that the aggregate available balance in the Bank of New South Wales on that day was £186,294 9s. 1d. The balances are set out under the different heads of Consolidated Revenue, Loans Fund, Assessment on Sheep, Church and School Fund, and Lodgments, the overdraft on the Consolidated Revenue Account being shown to be £33,116 3s. At the bottom is a certificate from the Secretary of the Bank of New South Wales, showing the available cash balance of the Government on the 31st October to be £186,399 11s. 6d. The slight difference between the two amounts is caused by the non-presentation on the day they were given of cheques drawn by the Treasury on the last day of October. So that a more complete and satisfactory document, in so far as the actual cash balance is concerned, could not be put before any business men. I have taken then as the first item on the debtor side of my balance-sheet the overdrawn Bank account of £33,116 3s., but something more will have to be added to this, and forms the next item on the debtor side. This is the amount of cheques drawn by public officers on the Bank of New South Wales up to 31st October, 1863, not presented for payment at that date, estimated at £18,088 3s. 10d. So that if these cheques had been presented before the 31st October, our overdraft on the 1st November would have been £51,204 6s. 10d. With reference to this important subject, I desire to give the House all the information in my power. Up to the 14th August last, the kind of accounts kept in the Treasury—at all events the state of the balances laid daily before the Treasurer—showed on the face of them no clue to the actual state of the Consolidated Revenue balances. Much to his credit, my predecessor, soon after coming into office, altered the form of this statement, in such a way as to show the balances to the credit of each account. Taking then the 14th August, the day on which the change was made, as a starting point, I will give the weekly returns of the balances to the credit of Revenue proper. On the 14th August there was a balance to the credit of Revenue of £47,026. On the 31st

October, there began to be an overdraft to the extent of £33,116; and to explain how this arose, I may state, that in the course of our operations as a Government, we have to make considerable payments in London, such as interest on debentures, immigration expenses, and advances to the Agents of the Colony to enable them to make purchases, on account of the Government. We had to pay £366,071 on that date, having engagements to that extent that required to be met. Credits are already opened with the Oriental Bank in London, by means of the debentures entrusted to them to sell, and as we have always a large amount of funds there awaiting transmission, we find it a saving and a convenience to meet our engagements in England by temporary advances from the Loans Account, and it was in consequence of having to refund advances of this kind that we first got an overdraft. I think it right here to make a statement in regard to Loans in relation to Revenue. The idea has gone abroad that the Consolidated Revenue was largely indebted to the Loans Account, and I must say that I was myself until lately under the impression that the Loans Account had been very largely used to eke out an insufficient revenue. I am happy to be able to state that the Loans Account is untouched. The accounts up to the end of 1862 have been laid before the House by the Auditor General fully authenticated. And now I have to say that we have paid all that was due to Loans Accounts up to the 1st November last, so that whatever may have been the impression on the public mind, I hope it will now be removed. On that date, then, £74,000 was transferred from the credit of the Consolidated Revenue to the Loans Account to meet the balance due for advances to meet these English payments made temporarily out of that account. The overdraft continued each week increasing in amount until at the end of last month it amounted to £67,287; so that in fact the Government has been compelled to use the mixed fund of Loans and Lodgments Accounts to cover the current expenditure of the Country. This evil has originated in the practice of keeping all the money of the Government in one account. It originated in 1859, when the Government entered into a contract with the Bank of New South Wales for lodging all their money there. There all was kept in one common account. As a consequence of this, until the alteration was made by my predecessor, it was never known what portion of the total amount in the Bank was Revenue and what portion other accounts; and, as a matter of practice, this mixed fund, until the time of my predecessor, was that which the Government paid with to meet current expenses. Such a state of things was not to be tolerated, as it is easy to see the difficulties that any Government would very soon be led into if it were to be persisted in. I come now to the third item of my account—the amount of payments from the Consolidated Revenue Fund, prior to the 31st October, 1863, now wanting the authority of Parliament for the expenditure (say) for the service of the year 1860 and previous years, as per Auditor General's statement marked B, £3,623 2s.; for the service of the year 1861, as per ditto, marked C, £3,089 13s. 3d.; for the year 1862, as per ditto, marked D, £146,723 19s. 8d.; for the year 1863, up to 31st October, as per ditto, marked E, £79,866 3s. 4d.; making together a total of £233,302 18s. 3d. Now I do not pretend to say that any part or even the whole of this expenditure was not justified by public exigency. I should be very sorry, with my present imperfect knowledge of all details, to allege any but proper motives to my predecessors in office; but the fact is here, that a large expenditure has been made without the authority of Parliament, and to an extent that must have had the effect of very dangerously disturbing the success of previous financial arrangements. It was a disturbing element that must have had the result of throwing out the calculations of all my predecessors, and which would assuredly have thrown me out in mine, if it had not been at once dealt with. The reason I have brought it into account is this: I have placed it on both sides of the account, because the money having been expended, the amount will not affect the balance. If it had not been spent before the 31st October, I should have had to place it on the debit side only; but now I enter it here on both sides solely for the purpose of showing the fact that such an expenditure has been made, and of getting the authorization of Parliament for the expenditure. As between the Parliament and the books of the Auditor General

this sum appears as an unauthorized expenditure, and I introduce it into my account current in order that the House may be in a position to see exactly how the case stands, and may, if it should be thought proper, include that sum in a vote for the legalization of such an expenditure. The money is spent and gone, and I therefore think that would be the best mode of proceeding in reference thereto. It is a sum irrespective of that Supplementary Estimate which the Government, with which I am connected, will require to carry on the Government for the remainder of the year. I now come to item No. 4—the amount of Supplementary Estimate for the remainder of the year 1863, comprehending from 31st October of the said year all sums (as far as can be ascertained) required to carry out Services previously contracted for or actually commenced, or considered to be necessary for the Public Service. This—our estimated expenditure required for the service of the unexpired portion of the current year—is marked F, and amounts to the sum of £178,271 9s. 6d. It contains the money which we require to carry on the Government for the months of November and December this year. I take leave to observe that this Supplementary Estimate differs from that brought forward by my predecessor, the Hon. Mr. Smart, in this—that in the Hon. Member's Supplementary Estimate authorized and unauthorized expenditures were so muddled up together that it could not be gathered therefrom what was and what was not duly authorized. I now come, in the account current which I have laid before the House, to an item, marked No. 5, such as I venture to state has never before been known in the annals of any Country possessed of responsible government. This item showed the amount of outstanding liabilities at 31st October, 1863, under the Appropriation Acts and the Schedule reserves under the Constitution Act, requiring provision to be made for them as per statements certified by the Auditor General. The amounts in reduction of these liabilities—during the years 1860, 1861, 1862, and 1863—are what have been usually termed "Savings on appropriations," and the Auditor-General has certified to me that for the year 1863, and for previous years, there are uncompleted Services—that is to say, appropriations ordered by Parliament and not carried out up to this date. He certifies to me that these savings are reductions on appropriations of Parliament, which will now be no longer required. Thus, for the year 1860 and previous years—as per detailed statement marked G—the outstanding liabilities were £85,249 2s. 5d., of which the amount in reduction was certified by the Auditor General, as per statement marked N, to be £57,508 19s. 7d.; leaving £27,740 2s. 10d. still to be provided for. The outstanding liabilities for the year 1861—as per detailed statement marked H—were £106,692 10s. 2d., of which the amount in reduction was certified by the Auditor General to be, as per statement marked O, £79,649 10s. 10d., leaving the sum of £27,042 19s. 4d. still to be provided for. For the year 1862, as per statement marked I, the outstanding liabilities were £177,390 6s. 10d., of which the amount in reduction was certified, as shown in the detailed statement marked P, to be £119,556 18s. 8d., leaving still to be provided for the sum of £57,833 8s. 2d. For the year 1863, up to the 31st October, the outstanding liabilities of the Government were, as shown in statement marked J, £576,970. 9s., of which the amount in reduction of estimate, as per statement marked Q, was £82,493 1s. 5d., leaving £494,477 7s. 7d. to be provided for the current year. Thus it would be seen that after deducting estimated savings to the amount of £339,208 10s. 6d., the outstanding liabilities of the Government up to the present date, amounted to the sum of £607,093 17s. 11d. In reading these items to the House, it will be observed that what I term a reduction on what has been appropriations, is by the Auditor General styled "savings." This has been the mode of thus distinguishing these sums since a resolution arrived at by the Executive Council on the subject. So that we thus arrive at a very important fact, that these amounts in reduction of appropriations are not, and never were, tangible sums, but only amounts written off by the Auditor General (when estimated to be no longer required) in accordance with a Minute of the Executive. The House will see what is the course of proceeding adopted by the Auditor General in regard to these accounts. The Auditor General opens a separate account in his books as soon as any sum is appropriated for any

specific purpose by Parliament, and by that means the Auditor General is always in a position to say what is the exact amount expended for every particular appropriation. This was also done under the authority of a Minute of the Executive Council. It is on the authority of this Minute that the Auditor General has acted, and thus we have now the large sum of £607,093 17s. 11d. for outstanding liabilities, to be provided for in our Estimate of Ways and Means for the coming year. We ought to look upon these so-called "savings" as being, instead of savings, nothing more than so many evidences of deficiencies of revenue. Every year a certain revenue was estimated for but was not got in, and the amount expended short of that authorized to be expended had been called savings. These "savings" were a mere acknowledgment on the part of the Government that the revenue did not enable them to carry out the appropriations which had been voted.

MR. COWPER: The Hon. Member is in error; there was the Panama vote—the vote for the Postal Service.

MR. EAGAR: That was a special case.

MR. COWPER: There were a dozen other similar cases.

MR. EAGAR: It will be for the Hon. Member to show that there were a dozen such cases. I trust I shall not be interrupted by the Hon. Member; he will have an opportunity of setting me right afterwards if it is in his power to do so. I challenge the Hon. Member to show that the Panama vote was not an exceptional case. I speak from figures, and know more about the financial state of the Country than the Hon. Member who lately sat at the head of the Treasury benches. The sixth item in my statement respecting the Consolidated Revenue Fund, in relation to the charges thereon, is the amount of immigration remittances received during the years 1861 and 1862. These were obviously improperly credited to the Consolidated Revenue Fund, and required to be refunded to the Loan Account, in the terms of the Auditor General's statement marked K. The amount thus improperly placed in the fund of the revenue was £31,238 8s. 6d. The moneys paid under the Immigration Remittance Regulations into the hands of the Government to facilitate the immigration of persons into this Country is not a matter of revenue at all, but a species of trust money for the due performance of a specific purpose. The Auditor General represented to my predecessor that it was advisable to have these moneys carried to the Loans Account, but no notice was taken of his suggestion until my assumption of office, soon after which I signed the requisite warrant for the transfer. I have also directed a further sum of £22,021, to be taken out of Consolidated Revenue and placed in a Lodgment Account. This is the amount of immigration remittances received during the year 1863, which has also been improperly credited to the Consolidated Revenue Fund. No. 8 of my account is £19,539 7s. 2d., of which a proper explanation will be given at the proper time. This makes the entire debit £1,142,671 8s. 2d. I now come to the credit side of the account, which does not present anything like a satisfactory state of affairs. On the 1st November the whole of the consolidated revenue in the Treasury was £107 4s. 11d. On the same date the cash balance of Consolidated Revenue in the Australian Joint Stock Bank was £119 17s. 7d. The next item I treat as a re-credit to Consolidated Revenue Fund. It consists of payments made from the Consolidated Revenue Fund prior to the 31st October, 1863, without the authority of Parliament. It is £233,302 18s. 3d. I have placed this on both sides of the account, for the purpose of affording the Committee an opportunity of condoning this erroneous expenditure. I come now to item 12, which is £279,420, the estimated amount of consolidated revenue receivable from November 1 to December 31, 1863. I have dealt with this revenue in a particular way. I placed the matter in the hands of the Auditor General, as an officer disinterested, and this estimate is given under his hand. From this amount I deduct seven-eight per cent. for refunds and charges on collection on the basis of the rate of 1862, amounting to £2,444 18s. 6d.; which will leave the sum of £276,975 1s. 6d. When my late predecessor laid his statement before the Committee he took the ascertained revenue for the six months ending the 30th June, and made an estimate for the six months

ending 31st December. My statement approaches a nearer accuracy, because I have the actual collection of revenue up to the 31st October, and have only to make an estimate for the months of November and December, which two months of course do not leave so large a margin for mistake. I am, in fact, in a position to state to the House the revenue for the month of November, so that in reality I may be said to have to estimate only the probable income for December. The amount of the revenue for November, 1862, was £101,085; while for 1863 it was only £97,288, about £4,000 less than last year. I sent to the Collector of Customs to know what were the daily average receipts of revenue of November this year, as compared with the revenue of November last year. That officer wrote informing me that the daily average receipts in 1862 were £2,050, and that the daily average now was £1,630—showing a daily decrease of £420. My estimate was made three weeks ago, before I had this information, and therefore it is probably rather over than under the mark. I come now to the items 13 and 14. 13 states, "Amounts recoverable from 'Loans Account' for advances out of Consolidated Revenue to the Commissioner for Railways, during the years 1860, 1861, and 1862, £14,654 15s. 2d.; and 14," "Amount recoverable from Loans Store Advance Account, for advances out of Consolidated Revenue, for the purchase of railway stores during the years 1859, 1860, and 1861, £43,663 9s. 9d." Item 15 is £19,769 5s. 4d., recoverable from the New Zealand Government for advances out of Consolidated Revenue. These advances were made for the purchase of warlike stores and a steamer. I also place on the credit side the amount of £19,539 7s. 2d., to be raised by loan. These items show, on the 31st December, 1863, a deficiency in revenue to cover expenditure of £534,539 8s. 6d. Assuming that the Auditor General's figures are right, I pledge my position as a Minister of the Crown, I pledge my reputation as a person known to be conversant with accounts, and I pledge my character as an honest man, that this is a truthful statement of the deficit. It may be said by hon. gentlemen opposite, in their graver moments, that this large amount of outstanding liabilities may be reduced before the year is out, by a further application of the doctrine of "savings." The Auditor General having reported to me that the outstanding liabilities were £607,093, I put it to him pointedly—"is there any possibility of reducing the amount below that?" and he has authorized me to say that it is possible that before the close of the year a further sum of £100,000 may be dealt with which will reduce the deficit by that amount. I would caution the House, however, against assuming that the deficit is likely to be reduced beyond the £100,000 stated by the Auditor General, because the salaries alone of the public departments for the two months will amount to about £200,000, and we must also take into account the large sums for police—the maintenance of roads, the working of the railway, and other matters. The result of my investigation is that at the end of the year there will be a deficit of £534,539. Our revenue for November and December will be little more than sufficient to pay the overdrawn account of the Bank of New South Wales and to provide for the Supplementary Estimates, leaving us not a shilling to pay salaries. I do not desire to suggest any reflections either as to the causes which have produced this state of things or as to the consequences which must eventually follow. But the incoming Government is placed in a position of extreme difficulty and extreme unpopularity. Without any fault on our side, it becomes our duty to do that most unpopular of all things which statesmen are required to do, and that is to put their hands into the breeches pocket of the public—to call upon the public to contribute, when the Country can ill afford it, half a million of new taxes. Seeing that we are placed in this position by no fault of ours—seeing that there is an undoubted deficiency which, for the honor of the Country, must be met by new taxes—we ought not to treat this as a party question. I hope the Committee will deal with it in a patriotic spirit, and that if I place before them a fair and reasonable policy they will meet us candidly and give their verdict, "aye" or "no." I now invite the attention of the Committee to Part II of the Estimate of Ways and Means, which has reference to the proposed expenditure of 1864. The Committee will

see that my estimated deficit at the close of 1864 is £904,866, about fifty per cent. more than was estimated by my predecessor. This account No. 2 is the Consolidated Revenue Fund of New South Wales, showing the proposed expenditure in relation to the probable income for 1864. I start on the 1st January with a debit balance of £534,539 8s. 6d. I then add the proposed expenditure for 1864, viz.:—for general services, £1,525,557; special appropriations, £341,500; and for services provided for by Constitutional and Colonial Acts, £59,400—making a total of £1,926,457. There is also an amount of expenditure proposed to be covered by loan of £451,127, making an entire debit of £2,912,123 8s. 6d. I am quite prepared to admit that the deficiency, however true, is startling. I am also willing to admit that in proposing to deal with this or any deficiency, a Finance Minister should have regard to two considerations. He has, as it were, a choice of two propositions—either to meet the deficiency by reducing the expenditure, or increasing the taxation. I say these two courses are open, because the idea of borrowing the money to meet the deficiency is entirely out of the question. Therefore we are forced on the two expedients I have alluded to—either to reduce the public expenditure, or increase the public income by taxation. I need scarcely say that as regards ourselves, who have only been six or seven weeks in office, it could not be expected that we could sufficiently master all the details of the public departments so as to say how far they could be cut down. Not only have we been in office only six or seven weeks, but, as the Committee know, a great portion of the time has been taken up in a way not contemplated by us, and which by removing two of my colleagues from town prevented them from remaining and assisting in forming the Estimates. I mention these things to show that it would be most unreasonable for the Committee to expect from men who had only been six weeks in office, that they should be prepared to say the public departments could be placed on a satisfactory footing by being cut down. I say, therefore, unhesitatingly, that we are forced to abandon the first proposition, and we are forced to increase our income by taxation. And it is to the increase of our income that I direct the attention of the Committee. I may say, in general terms, that as far as we can judge, we believe the Estimates of Expenditure for the year 1864 will be required to carry on efficiently the Public Service. I have already said that these Estimates were of necessity framed on the Estimates of our predecessors. And in point of fact there is not any material difference so far as the amount chargeable on revenue is concerned (I will speak of loans presently), and the amount proposed to be spent by the late Government. There are some differences, however, to which I should like to direct the attention of the Committee. The Estimates of my predecessor for the year 1864 amount to £1,905,490. Our Estimates amount to £1,926,457, making an apparent excess of £21,000. I say an apparent excess, because we have brought in new Services, while the late Government had in reserve a Supplementary Estimate of £60,000; so that if you take into account the £60,000 Supplementary Estimate and deduct the £20,000, it will show, as regards our demand, that we are £40,000 less than the late Government. But there are special cases in which we propose reductions. I allude, first of all, to the cost of advertising; and it will be seen that the Government advertising has grown from small degrees to very alarming proportions. I desire to say nothing offensive to the late Government, who have paid the extreme penalty of their faults in changing from this side to that side. I desire to say nothing unhandsome of them, but I cannot help suggesting to the House what a convenient subsidy this advertising might be made with regard to the country Press. I don't say they have been so subsidized. In 1861 the Government advertising amounted to £6,283. In 1862, £9,711, and in the Estimates for the present year, £12,000 was put down for advertising and commission on land sales, but the commission on land sales is only a trifling part of the sum. At all events the fact was that, for the year 1863, £12,000 was voted for advertising and commission on land sales; advertising being the bulk of the amount. And the amount actually required for this year for advertising is £13,500, So that we have not only exhausted this sum of £12,000, but

we are required to place a further sum of £1,500 on the Estimates for advertising. I say that this advertising has risen up to the intolerable large sum of £13,500, and the total payments for the years I have mentioned amount to over £30,000, and this at a time when we have got a Government Printing Establishment that costs £17,000 annually. So that if we regard it as a matter of economy, it would be much more economical for the Country (supposing political objects were not to be gained) that a copy of the Government Gazette should be sent to almost every place in the country. That is one of the reductions to be made in the Estimates, and £6,000, instead of £12,000, is put down for advertisements and commission on land sales, and on that sum there will be a saving, if it can be possibly managed. In comparing the Estimates of my predecessor and the present Estimates, to show the apparent excess of £21,000, I will state to the Committee some of the most important items of increase and decrease. We have been obliged, in the present circumstances of the Country, to increase the Police Estimate £17,000. I think this will be admitted to be a necessary expenditure. We have also been obliged to increase the amount put down for Charitable Allowances £2,100. But we have diminished the expenses of the Customs £1,800, and the Post Office £1,850; we have diminished advertising £6,000, and the Inspector of Land Offices £700, and the management of Alpacas £300. We have increased the amount for the Botanic Gardens £1,030, and the Government Domain £983; and we have also an increase under the head of Miscellaneous items of £1,030; and it is in view of these increases and decreases that we have arrived at this point, that there is a net increase so far as we are concerned of £21,000. I have now to take up another part of our Estimates, as prepared by the preceding Government—I allude to the Loans Account of my predecessor. In his Estimates for the year 1864 he proposed fresh loans to the amount of £1,044,970; but we propose loans only to the amount of £451,127, which in fact makes a difference in favour of loans proposed by us of £593,843. What we have done is this, we have cut out from the Estimates of the late Government the branch lines for the Northern districts, £290,000; Railway to Mudgee, £250,000; and Railway to Bathurst, £210,000. We have in fact declined to ask at present for any of these sums, amounting to £750,000, for railway extension, because we have the power, under existing Loans Acts, to raise £1,200,000, and we have still authority to raise that enormous sum of money. I have the figures before me, and having access to all the materials and figures, I say this Government declines to borrow a further sum of £750,000, because we have the power to raise over £1,137,420 to carry on existing works, which will furnish us quite sufficient money to be spent within the next twelve months. We therefore think it undesirable to ask this House for fresh loans in the present state of our finances, and before we show to the British capitalists who buy our debentures that we are ready to meet further loans by imposing new taxes. Now I have only to say with regard to loans for the present year that we propose to borrow only to the amount of £451,127. This sum may appear large when contrasted with the remark I just made that we deprecated taking up any large loans under existing circumstances, and before we showed the British people that we were prepared to submit to new taxes. But I ask it under the following circumstances:—A part of the proposed loan consists of £201,018, which was taken by the late Government from the amount voted for the Goulburn line of £680,000, in order to carry on extensions for which that money was not voted. I thought it right in making an estimate of this kind to be furnished with authentic figures by the Secretary for Works, and I find that, under the authority of an Executive Minute, a sum of £201,000 had been spent in the years 1858 to 1860 for certain new works for which the loans voted were not sufficient, and the money had therefore been taken from the vote for the Goulburn Railway. It is not for me to blame the late Government in this matter, but the Goulburn people might do so. All that it is my intention to do is to assign a reason why I ask for this loan. The facts are these, that in 1858 a number of sums amounting to £712,000 for various services were taken, and as a matter of convenience the Executive decided to treat them as one

sum. The extension to Menangle was to cost £656,000, but it cost £10,000 more —that is, £10,000 more than the House has any idea of. The extension to Picton was to cost £778,000, but it was exceeded by £106,000, and so in the same manner the extensions to Penrith and to Singleton, the workshops on the Northern Railway, and the extension of the Northern Railway, so that, excuse it how they may, the fact is incontrovertible that the late Government expended upwards of £200,000 of which the Parliament knows nothing, besides which there were £40,000 or £50,000 yet to be granted in order to complete the works, and for which we shall require a loan. The Government feel satisfied, as far as they can judge, that their Estimates will actually cover the expenditure. With our newness to the affairs of Government the Committee will not expect that we should be able to show any very large reduction in the working expenses of the Government. It now becomes my duty to speak of new taxes, and in the first place I will speak of our present tariff. As a commercial man I saw there would be great danger in upsetting the present tariff, which has answered admirably. The present Customs duties were fixed in 1855. The tariff was in fact introduced by Mr. Deas-Thomson in 1852, and enlarged by Mr. Merewether in 1855. I need scarcely say that this tariff has proved highly satisfactory; it has been progressive and elastic, and has shown itself to be an eminently desirable tariff, as will appear when I read the following figures. In 1856 the Customs gave us £471,000; in 1857, £533,000; in 1858, £557,000; in 1859, £611,000; in 1860, when the separation of Queensland took place, £555,000. In 1861 the Customs produced £585,000, and in 1862, £609,000. So that in seven years our Customs have produced us £4,000,000 of money. Now what I propose to do is only to alter this tariff in one or two points where it is capable of alteration. I might be asked why I do not double the duty on tea, or sugar, or coffee, or beer, but to double the duty does not of necessity double the revenue because it would lessen the consumption. My proposition is to take the present tariff, slightly modified, as a basis; and I propose to supplement that by some forms of direct and some indirect taxation, and this I propose to do in such a form as to provide to a great extent for the deficit of 1864. I think all reasonable men will agree with me that the time has arrived when some forms of direct taxation should be imposed, and I desire to impose it in such a shape as will not be oppressive. For instance, I would not impose an income tax. In a new country nothing fluctuates so much as income—there is no stability in income. In England it is entirely different, where the annual income has been known for successive years. The National Debt of England is only what could be spared from the commercial profits of England. So much of it as is owned by the British people is that which they have been enabled to take from their income and lend to the Government. For these reasons, therefore, I am not disposed to tax incomes. I am opposed also to the property tax, for analogous reasons. In all new countries the land, although it may be occupied to a considerable extent, yields but a small return. The present burden upon the land that has been alienated from the Crown is the burden of municipal taxation, which provides for the sanitary necessities of the people living thereon, and I would not increase it in any other direction. What I am about to propose is not a new idea, in fact I do not claim originality for any of my ideas. It has been my endeavour to place before you in a succinct manner the matters affecting the welfare of this Country. The proposal that I have to make has often been before the Country, and never was there a time when taxation was so necessary as now. What I propose then is—stamp duties upon bills of exchange, transfers of property, and Bank notes, but I exclude all minor transactions, so as not to harass the Country by making it imperative that there should be a stamp upon every receipt, or every cheque upon a Bank. All orders payable upon demand and all Post Office Orders I make free of taxes of this kind. If we can introduce successfully a Stamp Act, we must take those larger transactions of commerce, and not the small bills of exchange. I have put my scheme in the shape of a resolution, which I will now submit to Hon. Members. I may state that it is estimated that from this Stamp Act the revenue would derive the sum of £55,000.

This is certainly only an estimate, but I believe we should get it. It is a business moreover which will increase, and it will be collected at a cost of 2½ per cent. My first proposition is to stamp bills of exchange at 1s. for every £100. This is the rate charged in England, and in Tasmania also. It is half the rate proposed by Mr. Weekes on a former occasion, and of Mr. Smart on a late occasion. I will refer to this paper (the resolution) and point out the difference in my proposal and that of those hon. gentlemen. Mr. Weekes, on the 18th October, 1860, laid before the Committee a proposition to tax bills of exchange 2s. per cent. I think it more desirable to tax them 1s. per cent. —the rate recently enacted in Tasmania, and which prevails in England. The Committee will also notice that foreign bills of exchange are placed upon the same footing as inland bills of the same amount and tenor—each bill in a set of three being charged one-third of the duty payable on the whole. The next proposition of the Schedule is the imposition of a stamp tax of one per cent. on all conveyances and transfers of real and personal property. Any conveyance or transfer of property, where it shall vest absolutely in the purchaser, or any person on his or her behalf, is liable to a tax of one per cent. Mr. Weekes' proposal was 10s. per cent.—one-half of the duty that I propose. But the circumstances are different: there was not then a contemplated deficit of nearly a million of money. Another item in the Schedule is with regard to liens on wool and crops, on which it is proposed to place 5s. per cent. Then I propose to place 10s. per cent. upon all mortgages, and two per cent. upon Bank notes. From the imposition of these stamp duties I expect to make a certain income (as far as I can judge) of £55,400. I will now take the opportunity of stating to the Committee that I shall be enabled, if my proposition be granted, to manage the department necessary for collecting these duties at a cost of £1,300 a-year—£1,000 for salaries and £300 for dies. I propose to have the business conducted at the New Registry Office, where the services of some of the clerks may be made available. If the business should increase to any great extent, of course the number of officers must be increased in proportion. At starting I expect to obtain a revenue of £55,000, at a cost of £1,300 in collecting. It appeared to me that in fixing these rates of stamp duty we should make no distinction between real and personal estate. I think the true principle upon which to graduate taxes of this kind is to have regard to the currency—to place a small tax upon transactions that occur frequently, a moderate tax upon transactions that occur once a year or so; upon transactions of rare occurrence I would place the highest rate. Upon this principle I place the lowest duty on liens on wool and crops, namely, 5s. per cent.; on mortgages on land, cattle, or sheep (which generally have a currency of from three to five years), I propose to place a duty of 10s. per cent.; and in case of real estate, on mortgage or conveyance (as a man might not mortgage or part with his property more than once in his lifetime), I make the tax highest in degree, namely, £1 per cent. The reason why I subject sales of real property to the highest rate is because the Legislature has relieved the owners from heavy charges in case of conveyance, in consideration of which great advantage they are bound, on fair principles of justice, to submit to the moderate tax I propose. I do not propose to stamp grants from the Crown, or certificates of title under the Real Property Act. It is the duty of a State, as the sole owner of the land, to place it at the earliest opportunity in the hands of the people, so that it may be available for profitable use and employment. I therefore exempt from stamp tax all grants from the Crown. My reason for not subjecting certificates of title to tax is that the present law not only imposes upon every person who brings his title under the Real Property Act the possibility of a heavy charge for preliminary inquiry into outstanding claims, but also the necessity of paying a rateable contribution towards an insurance fund which forms a guarantee against future claims. Therefore I do not charge a stamp duty upon titles when the property is first brought under the Act. After that the charge will be 10 per cent. for every conveyance or mortgage. [Mr. Piddington: Do you intend to tax joint stock shares?] I was not in favour of an income tax, but I am not unfavourable to a kind of income tax upon persons having shares in public Companies: and

looking to the large profits made by them, I think shares of this kind a very legitimate object of taxation. [Mr. PIDDINGTON: Do you treat squatters in the same way?] As far as the squatters are concerned, I charge them more than was proposed by Mr. Weekes or by Mr. Smart. Mr. Weekes placed the burthen and incidence of his stamp tax upon commerce, to a certain extent freeing land and stock. So did Mr. Smart. Mine is the converse policy—to hamper as little as possible exchange operations. The land passes away terminably, and the bill of exchange which goes from hand to hand should be taxed in a much lighter degree. Mr. Weekes proposed for bills of exchange 2s. per cent., Mr. Smart also proposed 2s. per cent. For conveyance of freehold and leasehold estate Mr. Weekes proposed 10s. per cent.; I proposed 20s. per cent. On mortgages on cattle and stock Mr. Weekes proposed 5s. per cent.; I propose 10s. per cent. That shows an indication on my part to place the burthen as equally as I can on the shoulders of the various classes of the people. My predecessor in office, Mr. Weekes, proposed a fee upon all receipts and orders. The same was proposed by Mr. Smart; but I exclude both from my scheme. Mr. Weekes proposed 10s. per cent. upon Bank notes; Mr. Smart proposed £2 per cent. and I do so also because I conceive that not only are the Banks well able to bear this charge, but also because they are the largest representatives of money value in the Colony, who are the most placed in danger in the event of insurrection, or foreign invasion, and therefore most need Government protection. On this account they were bound to pay their share to the cost of Government. I am glad to find by the receipt of papers from Tasmania, that I am justified in this proposal, since Tasmania, in the Stamp Act of the 15th October, 1863, has placed a duty of £2 per cent. per annum upon the value of notes issued by the respective Banks. With regard to bills of exchange, the charge in Tasmania is 1s. per cent. In England it is the same. So that acting upon the best of my knowledge I have in this proposition stated what I conceived would be only a fair rate, and I find my ideas borne out by what a sister Colony has done. But upon this resolution I shall, of course, have to take the decision of the Committee. I might say that the advantages of a Stamp Act are innumerable. It forms a large, a permanent, and an always increasing revenue; for the taxation will increase with the increase of the commerce of the Country. It is with the English example before me, showing how large a taxation may be got by a cheap means, that I venture to recommend it. I come now to my second proposal—the equalization of the spirit duties. The Committee is aware that by the present scale of duties brandy pays 10s. a gallon duty, whilst rum and all other spirits pay only 7s. per gallon, constituting a differential duty, the reasons for adopting which I am at a loss to discover. It is a custom that has grown up in the Colony and nothing more, and has no reason whatever to recommend it. This proposition to equalize the spirit duties has been before several Treasurers. By Mr. Weekes it was regarded with favour; and also, I believe, by Mr. Samuel. I propose, then, an equalization of the spirit duties and an adjustment on the duties on wine, with an imposition of a modified duty upon samshoo, a Chinese wine or spirituous distillation from rice, which now pays a duty of 10s. a gallon. It is not a palatable drink, and with this heavy duty on it, the Chinese will not take it, so that it now remains in the Bonded Stores, bringing in no revenue. There is an example for this equalization of the spirit duties of so high and distinguished a character that I must quote it. A proposition for the equalization of the spirit duties was made at the Intercolonial Conference, and was there unanimously agreed to. Mr. Cowper, Mr. Smart, and Mr. Weekes were there present as the representatives of this Colony, and they there agreed that all imported spirits should pay a duty of 10s. a gallon; so that, in so far as the weight and authority of these gentlemen are concerned, I may reasonably claim them for this scheme. But I will go even further than this, and state that in 1860 the British Parliament carried a proposition to a similar effect, whilst the opinions of that eminent financier, Mr. Gladstone, in making his financial statement embodying this proposal, were very clearly and unanswerably in favour of the equalization. I will take it on the ground laid down by that eminent man

in his speech upon that occasion, that duties on spirits ought not to be so high as to admit of profitable adulteration or of illicit distillation. As to adulteration, I will tell the Committee that the present differential duty causes a very large adulteration of brandy. And as to illicit distillation, I do not require to use any arguments to show that this will not be induced, because as a matter of fact South Australia, Tasmania, and Victoria have each equalized their duties, and we hear nothing from them of illicit distillation, although the duty is 10s. per gallon, the same as I propose here. We have then the experience of these Colonies to show that 10s. per gallon duty is the happy medium that is high enough to furnish us with revenue, but low enough to prevent illicit distillation. In South Australia the duty is 10s. a gallon, in Victoria 10s., and in Tasmania 12s. [Mr. DARVALL: What is the duty on sugar in Victoria?] Three shillings a hundredweight. Here it is 5s. per cwt., in Queensland 5s. per cwt., in South Australia 3s., and in Tasmania, where it has been recently altered, 6s. We have, then, the evidence of the other Colonies to show that with a 10s. duty there is no fear of illicit distillation; and, as to adulteration, I have already said that under the differential duties a large adulteration was now going on in brandy. [Mr. PIDDINGTON: Will the duty on colonial rum be also raised?] It will. There will be the same duty on colonial as on imported rum, but the sugar used in making it will be duty free. The duty on colonial rum is now 7s. per gallon, the same as on the imported article, and if my proposition be adopted it will be 10s. per gallon, the same as foreign rum. I was about to state the reasons why this change should take place in order to prevent adulteration. Soon after my taking office my attention was called to the fact that large quantities of silent or neutral spirits have for some years past been introduced into this Colony. In 1860, 54,000 gallons were imported; in 1861, 44,000 gallons; in 1862, 135,000 gallons; and during the first six months of 1863, 85,000 gallons, being at the rate of 170,000 gallons for the year. This neutral or silent spirit is very strong, averaging from 50 to 60 per cent. over proof, and as it comes in at the same duty as rum, it is very largely used, as I am informed, in the adulteration of brandy. On the statement of persons on whom I can rely—on the statement of the Collector of Customs—there is at present in bond several thousand gallons of silent spirit on which the revenue under the present tariff suffers a very considerable loss—not less than £6,000, but, by the alteration in the tariff I now propose to make, this will be effectually remedied. I have now, as I think, shown that, on the example of Great Britain and that of the other British Colonies, there have always been serious losses to the revenue which might be easily obviated by such a revision of the tariff as I have now the honor to propose. It will perhaps be said that in taxing rum I am imposing a tax on the poor man's drink, and a cry may be raised upon that assumption. I hope, however, I shall be able to show that the interests of the poor man are not disregarded in my tariff, and that it will be favourable to him in what will be more to his real benefit than the consumption of rum or any other ardent spirit. I have left ale and colonial wine without any increase of duty, and in this the interest of the poor man has been substantially remembered. If it is said that in taxing rum I tax the poor man's drink; I reply that spirits are more highly taxed in other Colonies, and there is no reason why they should not be taxed here, although I admit that I dislike the idea of raising any revenue upon the consumption of spirits. The estimate of revenue that I shall get from the duty I propose to lay upon rum is £60,000. I now come in my tariff to the articles of port, sherry, and such other wines as contain a high percentage of alcohol. I propose then to raise a revenue by levying a duty on all wines containing 15 per cent. of alcohol of three shillings per gallon. And I also propose to reduce the duty to one shilling and six-pence per gallon on all wines containing less than 15 per cent. of alcohol. I also propose to reduce the duty on samshoo, a spirituous compound manufactured from rice by the Chinese, and consumed by Chinese only. The present duty on this article is such as at present to prevent it from being taken out of bond at all. We have not less than 6,000 gallons of samshoo left in bond through the present high duty demanded thereon. I propose to reduce the duty on this article to 5s. per

gallon. From this source I shall obtain £1,500. This leaves me to cast about for £415,000, and I am bound to look to the propriety and the policy of imposing a duty on imports as a means of revenue. I say advisedly as a means of revenue. Various projects have been suggested to me for supplying the deficiency which exists in the revenue, by friends who have considered the subject, but though I have heard them all, I have finished by taking my own course. My friends have made various suggestions to me on this head, but I believe they may be all comprised under the head of proposals for establishing package duties. A more clumsy means of taxation than the raising of a revenue by the imposition of a package duty has never been devised. The package duty is a mode of getting a revenue by a bastard use of the *ad valorem* process. If we take two importations of equal size and weight but of different value, the force of the objection which I make to the adoption of such a system is made very strikingly apparent. The great father of package duties, the Right Hon. Mr. Gladstone, had recently abandoned that system in the Mother Country, and therefore, those who swear by that right hon. statesman ought to be prepared to give up what he had found untenable. Mr. Gladstone has given up the package duties from a conviction that such duties could not be levied in a fair and satisfactory manner. [Mr. Eagar quoted from a British newspaper reporting a speech of Mr. Gladstone, in which he confessed that he abandoned package duties. He then proceeded.] In introducing the package duties into England, it appeared that it had been found necessary to adopt a regulation by which a penny charge had been made on every five shillings worth of certain articles—the rates at which it was estimated differing materially in several different articles. This had been done under the printed Customs Regulations, which had been in force at home. [Mr. Eagar here referred to some printed Regulations, wherein it was shown that on 157 different articles charged with the one penny on every five shillings' worth, that duty had been estimated for at 157 different rates. He then proceeded.] It is to objections of the same character that any proposed package duty here would be liable. After all, the great merit of a tariff consists in its simplicity. The simplest tariff is always the best; but then I hope the Committee will not confound simplicity with fewness of articles taxed. For example, our own tariff, although it contains but fifteen or twenty articles, is not a simple tariff, because the rates vary, and the calculations made by persons dealing with the Custom-house are numerous. The simplicity I contend for is more uniformity of rate than fewness of articles subjected to taxation. In order to obtain £400,000 out of goods taxed, I recommend to the Committee to return to the principle of *ad valorem* duties which prevailed here prior to 1852. It has been said that it led to the commission of numerous frauds; but it must be remembered that those frauds arose from special circumstances, and our staff of Custom-house officers was not then of so high a character as it is at the present time; for I am happy to say that it has much improved of late years. The main objection to an *ad valorem* duty is that it would be a temptation to evade the duty by making a false declaration equivalent to perjury, and under those special circumstances an *ad valorem* duty is described as an "immoral" tax—as a tax which is a temptation to demoralisation. There are others who object to it on the ground that there is a great inducement to fraud by the corruption of Custom-house officers. In other respects the duty is admitted to be most fair and equitable. As to the duty being equitable, I beg to submit some remarks which appeared in the *Sydney Morning Herald*. The writer in this paper, which is confessedly one of weight in this city, says:—"There is only one objection to *ad valorem* duties, but that one objection is conclusive. They are equitable, and as unoppressive as any indirect tax can be; but they act as a temptation to dishonesty that experience shows is too much for ordinary commercial morality." On this ground of the "immoral" character of *ad valorem* duties, I desire to meet those who take that view both inside and outside the House. This ground of objection has all along been taken against the Income Tax in England, but with what success may be seen from the fact that the Income Tax still prevails. On the 18th April, 1853, the question before the House of

Commons was the re-enactment of the Income Tax (then expiring) for a term of seven years—on a descending scale. Mr. Gladstone objected to the tax, first, because self-assessment led to grievous frauds on the revenue, and second, because of the tendencey to immorality which he feared was essentially inherent in the nature of the operation. He took precisely the same objection to the Income Tax which conscientious persons are said to take to *ad valorem* duties. But notwithstanding the powerful address of Mr. Gladstone on that occasion the Bill was carried, and the Income Tax was prolonged, the immorality notwithstanding. I desire the Committee now to come on to 1860, and see how the proposition was dealt with then. The final rate was five-pence, and Gladstone stated in the year 1853 that at the end of seven years the tax should cease. I should like to read his words to the Committee, because Honorable Members would see that the force of circumstances overpowered the determination of the Chancellor of the Exchequer. I may remark that Mr. Gladstone, in advocating the continuance of the Income Tax from the year 1853 to 1860, pointed out the great value this tax had been to Great Britain in times of great difficulty, and in all emergencies it had been a splendid stand-by and a ready mode of getting a large income, morality notwithstanding; and in the course of his remarks recommending the continuance for seven years, he promised in 1860 to cancel the Income Tax. Well, when the year 1860 came, what was the conduct of Mr. Gladstone? Why, he found the financial difficulty was such that he was obliged to ask for a re-imposition of the Income Tax, which ceased at five-pence, and which he proposed to reintroduce at ten-pence in the pound. Now, what were the remarks of Mr. Disraeli on this proposal being made? He taunted Mr. Gladstone with his former statement and his former promise. His remarks went to show that the Chancellor of the Exchequer was re-enacting in a more oppressive form the tax which he had promised should cease. Now, I wish to show the Committee that I am arguing from principle. It was evident that in the British House of Commons questions of finance are treated not as questions of morals but of revenue; and it was not as a question of morals but as a question of revenue that I bring forward the proposal of *ad valorem* duties to-night. The British people accepted a tax which was objectionable, because the necessities of the State required it. And I ask you to accept the *ad valorem* duties because the circumstances of the Country require it, and because there is no other means of raising £400,000 to meet the deficiency I have referred to. I now come to the details of my *ad valorem* scheme. I propose to divide the imports of the Country into three classes. On the first class I propose an *ad valorem* duty of 10s. per cent., and 6s. on the second class; on articles not included in the free list I propose an *ad valorem* duty of 5s. per cent. I shall come to the details of these particular classes presently. It may be asked by Hon. Members if I intend to make any difference in the duty on some description of goods imported from the Mother Country and the neighbouring Colonies. I say I cannot do so, because by the Constitution Act differential duties are prohibited by the 43rd clause of the Constitution Act; so that if I were inclined to make a difference in favour of articles from the neighbouring Colonies I could not do so. I now come to the third class, which I will take first of all—the free class, which is taken from the free list of South Australia. The present tariff of South Australia imposes on all articles not included in the free list a duty of 5 per cent.; but our necessities being greater, I am obliged to raise the tax to 10 per cent. on certain articles—articles of general consumption, luxuries, and articles most of which are manufactured in the Colony. I do this only for the sake of revenue, but if it answers my protective friends also, I am satisfied. My free list is as follows:—animals (living); baggage of passengers; books (printed); coin and bullion; cotton (raw); flax, hemp, and fibre; flour, meal and bread; gold in its natural state; grain of all kinds; guano and manures; hides and skins, dried and salted; military and naval stores; ores (unsmelted); plants, trees, and shrubs; roots (esculent); salt; specimens of natural history; tallow, and wool. It will be seen therefore that I start with this principle that all the necessaries of life should be free, so far as I am concerned. I do not propose to tax flour,

meal, and bread, grain of all kinds, or salt. I leave animals free, and gold in its natural state. I have left raw cotton and wool free, because we receive large quantities of these articles from Queensland for shipment to Great Britain. I leave flax, hemp, and fibre free, because not being produced in the Country, yet they are the means of encouraging our local manufactures. I also leave books, hides, ores unsmelted, plants, trees, and shrubs, roots, and specimens of natural history, and tallow free. These then constitute my free list, and I now come to the list of articles on which I propose a tax of 10 per cent. Touching articles of general consumption, I will give this illustration: I am using a pocket handkerchief; my lady friends tell me it is lawn, and that it cost 2s., so that 10 per cent. on 2s. will not affect me, and does not touch my pocket materially. But a poor man can get a pocket handkerchief which will answer all the purposes for 6d., and 10 per cent. on that sum will not be felt by him. So that my proposal to tax such articles as apparel, honey, drapery, will include articles of general use, and ranging in price. Thus 10 per cent., while it taxes the consumer of light goods, will hardly be felt by those who purchase goods of a lower cost, although all persons will to a certain extent, contribute to the revenue. The following are the articles on which I propose to impose a duty of 10 per cent. Apparel and slops; arms and ammunition; baskets, toys, and fancy goods; blankets and counterpanes; blacking; boats and oars; boots and shoes; brass and copper—manufactures of; bricks; butter and cheese; candles; canvas; carpeting, rugs, matting, floor-cloth and oil-cloth; carriages and carriage materials; carts, drays, and waggons; coals; confectionery and preserves; cotton manufactures, or any mixture thereof; cutlery, hardware, and grindery; china-ware and porcelain; earthenware; earthenware pipes and tiles; fireworks; fish—preserved, salted and dried; fruits of all kinds; furniture, bedding, and cabinetware; galvanized iron and manufactures thereof; hats, caps, and bonnets; hosiery, gloves, haberdashery, and millinery; instruments—musical, surgical, and scientific; iron and steel, and manufactures thereof; jewellery and personal ornaments; lead—manufactures of; leather and manufactures thereof; linen-drapery, and manufactures of linen, or any mixture thereof; matches; machinery; marble; metal (yellow) and nails; oil of all kinds; oilmen's stores—pepper, spices, pickles, and sauces; perfumery; pictures and paintings; pipes (tobacco) plate and plated ware; pottery; provisions—salted and preserved meats; saddlery and harness; ship chandlery; silks and silk manufactures, or any mixture thereof; soap; timber—log, hewn, sawn, and split; tinware, turpentine and varnish; watches and clocks; wood—manufactures of; woollen manufactures—or any mixture thereof. Those articles of import on which I propose to fix an *ad valorem* duty of 10 per cent. will, I expect, bring in a revenue of £350,000, and the articles on which I propose a duty of 5 per cent., £50,000—making together a total of £400,000. I now come to the proposition to place a penny postage on newspapers inland, and I think in doing so I show more courage than my predecessor, who, although he advocated this measure, refrained from making the proposal. I find that two-and-a-half million newspapers were posted for country delivery in 1862, which at 1d. each would give me an income of £10,000. I think newspapers have gone far too long a time postage free, and the financial necessities of the Country will not now admit of it. I don't desire a revenue from the Post Office, I only wish to make it self-supporting, although in England the Post Office affords a revenue of £1,500,000. All I desire however, is that the Post Office should be self-supporting, and that newspapers should not be delivered at the cost of the State. I have strong reasons for saying that the Post Office should pay its expenses, as during the past few years the loss on this establishment has been paid out of the general revenue. In 1860 there was a loss of £29,000 upon the Post Office; in 1861, £30,000; in 1862, £29,000; and in 1863, £33,000. Now, in the face of this enormous deficiency, I think that newspapers should not go free. Newspaper proprietors should find some other means of carriage than the Post Office, but if they still continue to use the Office, they should be made to pay for the carriage. Victoria sets us a wise example in this respect, as she has had a postage upon newspapers for

a considerable time past. It may be said by some, that a tax upon the carriage of newspapers would be a tax upon knowledge, but I say that in State necessities knowledge must be taxed as well as other commodities. We pay a tax, in postage, upon the carriage of books—a far more substantial form of knowledge than newspapers; and if we pay for the postage of books, why should we not pay for the postage of newspapers? I have the more confidence in submitting this proposition because the Board of Inquiry into the working of the Post Office—consisting of Messrs. Montefiore, Watt, Smart, Knox, and King—after taking a vast amount of evidence, contained in 120 pages, recommended in their report that newspapers should pay a penny postage, which, they believed, would give a revenue of £10,000, and so instead of increasing the postage on letters I have determined to put it on newspapers. I propose to raise therefore, by direct taxation, £55,000; by indirect taxation, £81,500; by *ad valorem* duties, £400,000, and by postage on newspapers, £10,000, making a total of £546,500, which will still leave a deficiency of £357 500 to be met. Towards this it is believed that £100,000 may accrue from the outstanding liabilities, which will leave a deficit of £257,500. In coming to this deficiency I have to submit the project of a loan, which is necessary for two reasons. First to cover the overdraft at the Bank, and second to anticipate the revenue which can only come through the consumption of articles. If I take the revenue for November and December to cover the overdraft at the Bank, we shall have nothing with which to begin the new year. I therefore propose a deficiency loan (which will involve an entirely new principle), as it would be utterly useless for me to apply to the Banks under existing circumstances. We know that the commercial community is already too much crippled, and if I apply to the Banks for a loan of £250,000, there would be a panic in Sydney. Before proposing this loan I invite the attention of Hon. Members to our Public Debt, which amounts to upwards of £6,000,000, of which £5,143,130 was issued in debentures. Now this demands the serious attention of the Committee, not only from its magnitude, but from the erroneous principle on which it was contracted. Nearly the whole of it was contracted on the principle of terminating at some time. Now the great fault that our financiers have fallen into is in making the debt terminable from the beginning. We have a terminable debt unaccompanied with any means of redemption. The great bulk of our debt is terminable—the only interminable part being about £200,000. With this debt then we commence thus gloomily our tenure of office, and by us or by our successors the matter must be dealt with. Between the present time and 1876 we have to pay off the sum of £2,240,266 above the ordinary expenditure of the Government. I cannot believe that, under ordinary circumstances, the House would consent to a loan to cover this large amount. The proposition which I make is to fund the Public Debt, as it is in England. (Mr. PIDDINGTON: The debentures can always be renewed.) When the Hon. Member becomes Finance Minister he can pursue that policy, but I cannot make any such proposition. I am prepared to show that, by making the debt a permanent stock, we should make it universally popular. And by making this fund a permanent one, without the principal ever being called for, we need only make arrangements for paying off the interest. The Committee must see the great and important distinction between paying off £6,000,000 and paying the interest only. It would be absolute ruin to the Country to abstract from the general revenue sufficient to pay off this enormous debt. If my scheme is assented to, the whole of the Australian Colonies will speedily adopt it also. If you have a permanent debt, simple in its character and easy in its operation, it will afford the opportunity to every man and woman in the community of buying permanent stock. Into the consolidated stock thus created would fall the debentures maturing between 1865 and 1876, to the amount of £1,435,800. This, with the deficiency to which I have adverted, would amount to £1,685,000. The Country would be relieved of the immense pressure and the enormous and ruinous taxation necessary to meet that large principal sum. Having provided for the taxation of the Country to the extent of £500,000, I propose to issue Treasury Bills for twelve months, bearing interest at the

rate of 4d. per day per cent.—equivalent to about 6 per cent. per annum. The terms on which I propose to issue these will be on the basis of the Act, 21 Vic. cap. 5, passed on the 18th of December, 1857. That Act was passed at the time that Mr. Richard Jones was Treasurer. He had great difficulty in finding money for the carrying out of the public works of the Country. The debentures then raised were not easily saleable either here or in London; and being obliged to cast about for some mode of raising money, he was obliged to do so by means of that Act. It so happened, however, for various reasons, that the Act became inoperative; the Government were unable to sell their Treasury Bills; but about that time our debentures again became saleable and as a consequence the Act fell into disuse. I propose, then, to take that Act as the basis of my operations. Touching this proposed deficiency loan, I may say that if the proposed taxes for 1864 should yield more than I anticipate, I would not require the whole amount, and would not therefore use it all; I only propose to use as much as is necessary. I shall, however, assume that such an Act will be required, and I will give notice for bringing in the necessary Bill. I have now to lay before the Committee my views as to the mode of managing the rate of interest upon the six per cent. Treasury Bills. Economists are all agreed that the Public Debt should be taken at a comparatively low rate of interest. This may appear to be a paradox, but I shall show the Committee conclusive reasons why it should be accepted as a safe principle of finance. I will read you what M'Culloch says on that point, and I shall then make a colonial application of the English principle. The management in England was of this kind—that on the creation of new loans, instead of taking them up at a rate of interest approximating to the value of money at the time, the same rate of interest was given, but the £100 old stock was changed into £150 new stock—that is instead of exchanging £100 for £100 and increasing the rate of interest according to the current value of money, a new loan was submitted at a large premium to the holders of the old stock; and in this extravagant way the Public Debt of Great Britain was largely and improvidently increased. M'Culloch—an undoubted authority on the point—after showing the shameful system by which the debt of Great Britain had been largely and improvidently raised to its present enormous amount, goes on to show the true principle on which loans should be raised. He says:—

During the reigns of William III. and Anne, the interest stipulated for loans was very various. But in the reign of George II. a different practice was adopted. Instead of varying the interest upon the loan according to the state of the money market at the time, the rate of interest was gradually fixed at *three* or *three and a half* per cent.; the necessary variation being made in the principal funded. Thus, suppose Government were anxious to borrow, that they preferred borrowing in a 3 per cent. stock, and that they could not negotiate a loan for less than 4½ per cent.; they effected their object by giving the lender, in return for every £100 advanced, £150 3 per cent. stock; that is, they bound the Country to pay him or his assignees £4 10s. a year in all time to come, or, otherwise, to extinguish the debt by a payment of £150. In consequence of the prevalence of this practice, the principal of the debt now existing amounts to nearly *two-fifths* more than the sum actually advanced by the lenders.

Some advantages are, however, derivable, or supposed to be derivable, from this system. It renders the management of the debt and its transfer more simple and commodious than it would have been had it consisted of a great number of funds bearing different rates of interest; and it is contended that the greater field for speculation afforded to the dealers in stocks bearing a low rate of interest has enabled Government to borrow, by funding additional capitals, for a considerable less payment on account of interest than would have been necessary had no such increase of capital been made.

In point of fact, however, these advantages are but inconsiderable, while the disadvantages inseparable from the practice of funding a large amount of stock at a low rate of interest are great and lasting. During war, especially if any considerable portion of its expenditure be defrayed by means of loans, the rate of interest uniformly rises, and is usually much higher than during peace. If, therefore, loans were funded in stocks, bearing a rate of interest equivalent to the market rate when they happen to be contracted for, the charge on their account might be reduced soon after the return of peace, according to the fall in the rate of interest; whereas when loans are funded in stocks bearing a low rate of interest, with a corresponding increase of capital, it becomes impossible to take advantage of the fall of interest at the return of peace, and the country is burthened with the war interest in all time to come!

Now, as to the application of this principle to colonial matters. We have, it is true, no war expenditure; and so far the case referred to does not apply here. But

we have evidences of unbounded national wealth, with a present comparative deficiency of money. We have enormous powers or means of developing our national resources, which are without limit, though we have but comparatively little money capital with which to develop them. We must offer, then, in our consolidated stocks inducements to home and foreign capitalists:—that is to say, we must offer for loan purposes a rate of interest approximating something to the interest ruling for money at the time; and then as the natural wealth of the country is developed, and as money becomes more plentiful we can convert the stock at a low rate of interest. So that our enormous natural advantages place us in the same favourable condition in respect to lowering the interest on the funded debt that a return from war to peace places the people of Great Britain. We have this enormous advantage—for which we cannot be too thankful—that a state of peaceful industry and the natural resources of the Country may do for us what a change from war to peace does for the parent Country. Now as regards this matter of the conversion of interest, it is right to state to the House the mode in which funded debts are convertible. In England it is at the option of the Government whenever the funded debt reaches par, to pay it off or to convert it into stock at a lower rate of interest. So that, supposing a loan had been funded by Great Britain at 5 per cent. interest, and the loan rose to par (which at 5 per cent. it could readily do in Great Britain), it is in the power of the Government to come in and say—"We will pay you off; here is your money. Are you willing to take it? if not, we will offer you a new loan at 4½ per cent." The holder of the 5 per cent. stock being anxious not to part with so good a debtor, would naturally say to the Government—"We will take your 4½ per cent. stock"; and it is in this way that loans which were at first taken at a comparatively high rate of interest are gradually brought down to a low rate. The great objection to the consolidated three and a half per cent. stock is this—that being at a low rate of interest it never rises to par. [Mr. PIDDINGTON: The three per cent. stock has sometimes risen to par.] It has only done so twice in the course of a great number of years. At all events the thing is very unusual, and the reason why there is no conversion of the three per cents. is that being so rarely at par, the Government have never been able to take them up. With us the case would be different. Our five per cent. debentures are now at a premium; if they were issued at six per cent. they would be at a still higher premium; so that future financiers would have to make arrangements that when our stocks fell they would be convertible. Commencing by a six per cent. rate it would be open to the Government of the Country, as our resources become developed, upon the value of money dropping one per cent. to propose a conversion to a lower rate of interest, and the Country would gain immensely by the arrangement in the long run. According to our present system, we throw upon posterity the whole burden of our enormous local improvements, which, in itself, is unfair. The interminable principle gets rid of that difficulty; the burden is cast upon no particular period. Under the present system we do not do justice to posterity, upon which we cast the whole burden of the Public Debt. I think the principle I have enunciated is a fair one, and ought to meet with the concurrence of the Committee. I would also call the attention of the Committee to the fact that a funded debt has an important influence in the maintenance of law and order. There cannot be a question that the National Debt, more than any other institution in England, has kept that great Country together during the last century, while every other nation has undergone revolutions of the most disastrous character—not excepting the model republic of the United States of North America. But Great Britain has held together, mainly, I consider, from this reason—that a funded debt has created a relation between the people and the Government, which could be created in no other way. A very large number of the British people are interested in the British funds; they are thus interested in the stability of the Government, and are bound to the Government of the Country by the strongest bonds. From analogous reasons we may infer that the same results will occur here. Every man, woman, and child, might with the greatest facility place their savings in the funded stocks of

the Country; the very maidservant might in that way obtain the rate of interest she now obtains at the Savings' Bank. So that on social grounds there is not a doubt that the funded debt in this Country would present a very strong security for public order—a very strong element of union between the people and the Government. With respect to the management of the funded stock, it could, I think, be managed by one of the Banks appointed by the Government or the House, and at a very moderate cost. A simple form of transfer could be used, so that the people might buy in and sell out readily without trouble. If the House grant me the proposed loan, with power to issue it at six per cent. interest, all the Savings' Bank money could be taken up, and I shall be able to invest the trust moneys at present lent to the Government, so as to give interest to parties concerned. I allude particularly to the moneys belonging to insolvent estates, which are now placed in the Bank of New South Wales; the Government get five per cent. interest for the use of those moneys, and not a shilling of this goes to those who are beneficially interested. So that under the system I propose, these and other moneys might be earning at the rate of six per cent. interest. I have no doubt that some arrangement might be made with the Banks, by which the whole £250,000 could be taken up for banking purposes. With respect to the proposition of my hon. friend Mr. Samuel, for putting aside two per cent. annually as a sinking fund, I am not as a financier favourable to it. So long as it was a matter of comparison as to whether we should have a terminable debt without any means to pay it off, or such a debt with some means of redemption, I was willing to look favourably on my hon. friend's propositions; but as compared with the funding of the debt there can be in my mind no sort of comparison. A sinking fund has been tried in England; up to a certain point it was operative; but it so happened that when a large sum of money had been collected, it was used for State purposes; and a sinking fund must always be open to that objection. Since 1829, the practice in England had been to take the cash surpluses and to apply them to the reduction of the National Debt. As a matter of fact, during the last forty years, no less than fifty millions of the Public Debt had been cancelled by using surplus revenue for that purpose. It may be said that I have under-estimated the revenue, particularly the land revenue, and that I have not counted upon the money expected from free selection. The estimate I now put forward for 1864 was prepared for me by the Auditor-General, and is calculated upon the safest basis—namely, by taking the average of years. Between the estimate of Mr. Samuel and my own there is a difference of £127,000. The late Treasurer included in his estimate the immigration remittances and proceeds from the Bishopthorpe Estate, which I have struck out. There is also a difference in estimated Customs duties, in proceeds from land sales, licenses, railway receipts, and interest on city debentures. The late Minister for Lands has said that the land revenue has always been under-estimated by the Treasurer; and the Hon. Member's mode of showing that there would be no deficiency at the end of 1863 was to the effect that the free selectors' money had not been taken into account. For many years the land revenue has fallen short of the estimates. In 1861 the actual revenue fell short of the estimated revenue by £71,000; in 1862, the deficiency of actual under estimated revenue was £58,000; in 1863, the deficiency in the actual as compared with the estimated revenue, may safely be put down at £71,000. [Mr. ROBERTSON: Wait for the return at the end of the year.] I rely upon the figures of the Auditor-General. The free selectors' money I cannot take into account, because there is nothing due before 1855. When land is sold under conditional purchase by law it requires continuous residence by the purchaser or by his alienees for a term of three years. But the law goes beyond that, for at the end of three years, if the conditional purchaser be not able to pay the balance of the purchase money, by paying 5 per cent. interest, it becomes a permanent debt. Thus I can expect nothing in 1864 from the conditional purchaser, unless the House consents to relax the present law, by allowing the Treasurer to receive from free selectors what they are now perchance prepared to pay. I would recommend the Hon. Member opposite, if

he again comes into office, to modify the provisions of the Act in this respect; I should be sorry to touch it, although I hold that the Hon. Member might well consider whether, for the interest of the public and free selectors, the stringency of the law as regards the payment of the balance of purchase money ought not to be relaxed to relieve them from the pressure of circumstances through which, rather than from any tendency to dishonesty, they may be unable to meet their engagements. I now submit my scheme to the fair, candid, and impartial consideration of Hon. Members, and say do not treat this as a party question; for whether we stand or fall, whether the Country is to be governed by gentlemen opposite or by ourselves, the fact is made patent, cannot be ignored, and will be spread by the Press far and wide to-morrow, that we are in a position of unprecedented financial difficulty. Whoever governs, the first necessity devolving upon the Committee is to make provision for the large deficiency. We are in this position—we must in the first place tax ourselves to live as a Government and nation, and next tax ourselves to pay our debts. We must show the great English people at a distance that in times of emergency we are like them, willing to submit to great sacrifices to save the public credit and preserve the national character. I make the appeal without party results in view, and with no fear of party consequences. Whether I survive my financial project, or should not be permitted by the Committee to carry it out, I feel that born, educated, and having all my dearest associations in the Country, my first object should be and is to care for the national honor, to have a regard to the national faith, and to maintain to the best of my ability the national credit. Office to me is a matter of perfect indifference; it is on patriotic and unselfish grounds that I now appeal to the Committee, and I trust that I have not made my appeal in vain. I propose to take the decision of the Committee on the first resolution, which relates to the equalization of the duty on spirits, and is as follows:—"That towards raising the supply granted to Her Majesty, there shall be charged in lieu of the duties on spirits and wines imposed by the Act 19 Victoria, No. 14, the import duties following, namely, on spirits or strong waters of all kinds not being sweetened or mixed (so that the degree of strength cannot be ascertained by the hydrometer) of the strength of proof and in proportion for any greater or less strength, 10s. the gallon; on spirits or strong waters, sweetened, mixed, or perfumed, cordials, liqueurs, and all mixed liquids, under whatever name, containing a greater portion than thirty per centum of alcohol, 10s. the liquid gallon; on samshoo and other spirituous mixtures containing not more than thirty per centum of alcohol, 5s. the liquid gallon; on wine containing more than fifteen and not more than twenty-five per centum of alcohol, 3s. the liquid gallon; on wine containing not more than fifteen per centum of alcohol, 1s. 6d. the liquid gallon."

MR. DALGLEISH: How did the subject get wind?

MR. EAGAR: I can only say that I was bound, in order to obtain information, to consult some gentlemen, but as few as I could, and up to last night nobody seemed aware of the scheme, since it had not even got into the newspapers.

MR. GARRETT: I heard it yesterday.

MR. EAGAR: I do not know how that could be. At all events, there was no attempt to rush the Custom House until this afternoon. But as the scheme has got wind, I must impress on the Committee the necessity for a decision to-night, either affirmatively or negatively.

MR. DALGLEISH: What amount was taken out?

MR. EAGAR: Duty was paid to the amount of £2,500 by one firm, and the Collector stopped some dozen others.

MR. EGAN: What firm?

MR. EAGAR: I do not think it desirable to mention names; but any gentleman requiring to know it might learn it by inquiry at the Custom House.

MR. DALGLEISH inquired whether it was intended to charge duty upon white spirit imported for manufacturing purposes.

MR. SAMUEL asked if the Treasurer could not adopt the plan of exacting the high duty from merchants on the responsibility of the Government, in order that the debate might be adjourned. They had heard a long and able speech, embodying highly important principles of taxation that were entirely new to the

House. He was desirous of approaching the question in no party spirit, but wished to see the House deal with it as the Hon. Treasurer had asked, the more particularly under the present circumstances of the Country. But after the long address they had heard, it was impossible that the House could go fully into the subject at once, and hon. Members could not go into one part of the scheme without taking the other with it. He therefore proposed the adjournment of the debate till to-morrow.

MR. LUCAS supported the proposal to adjourn, recommending that the higher duties should be collected until the scheme was decided on.

MR. EAGAR was aware of the difficulty hon. Members must labour under and would consent to the adjournment on the understanding that the duties were to be collected to-morrow.

After some further remarks from Hon. Members,

MR. ALLEN asked if it was intended to collect the *ad valorem* duties?

MR. EAGAR said it was.

MR. ALLEN: It was impossible. How could it be done?

MR. EAGAR: In the usual way: by declaration of value.

MR. SAMUEL wished to know whether it was intended to collect the duties on all the articles which had been mentioned?

MR. EAGAR said that he had been anxious to have the whole five resolutions passed that night, if the House had thought proper to take that course. He had only suggested, however, that it was desirable to collect the duties on rum and other spirits at the Custom-house, for the reasons he had stated.

NEW SOUTH WALES.

The Financial Statement of the Honorable Thomas Ware Smart, made 29th March, 1865.

[*From the Sydney Morning Herald of 30th March*, 1865.]

LEGISLATIVE ASSEMBLY.

Wednesday, 29 *March*, 1865.

FINANCIAL STATEMENT.

Mr. SMART (whose remarks were frequently inaudible in the gallery) said: Mr. Arnold, the statement I am about to submit to the committee this afternoon has, I am sure, been looked forward to with more interest and anxiety by hon. Members and the country generally than has been exhibited in regard to any financial statement for many years past. A variety of causes has led to this feeling, including, no doubt, the large demands upon the public purse, the state of the revenue which falls far short of the expenditure, and the necessity of the Government to resort to additional taxation. The task before me, I am well aware, is a very formidable one. However imperfectly I may perform it, I do not shrink from the duty of placing the committee in possession of all the difficulties to be encountered. I assure hon. Members my desire is to give them the fullest information upon every topic coming within the range of my department, and I trust the statement I shall make will be sufficiently plain, comprehensible, and replete to enable them to support the Government in performing their onerous duties with as little difficulty as possible. My principal care on entering office was to remove the impression which obtained currency after the former Cowper administration relinquished power, that it left the Treasury in a bankrupt state. In and out of the House this was promulgated, and was even published by the public prints throughout the country. Now when the Cowper Government left office, the cash balances amounted to £375,691 8s. 11d., distributed as follows: Bank of New South Wales, £222,793 10s. 9d.; Joint Stock Bank, £123 2s. 7d.; Oriental Bank (Sydney), £110,000; Oriental Bank (London), £42,650 17s. 4d.; Treasury chest, £123 18s. 3d. At the same time the unsold debentures amounted to £1,149,500, and the credits outstanding in London to £147,160 19s. 3d. I would ask then whether when the Cowper Government left office the country was in a bankrupt state? When this Government took office the revenue account was overdrawn to the amount of £481,851 14s. 4d. The overdraft was thus particularized: Bank New South Wales, £94,379 5s. 8d.; Oriental Bank (London), £86,416 17s. 9d.; Suspense Account, £17,079 16s. 7d.; Civil Service Superannuation Fund, £2,139 1s. 2d.; Scab in Sheep Fund and Church and School Fund £30,416 10s. 9d.; Lodgments (No. 2), £63,082 12s. 8d.; Cheques, not presented, £2,676 8s. 5d. These made an overdraft on the Consolidated Fund of £296,190 13s. Oriental Bank Corporation (London), £172,252 6s. 11d., less the above mentioned overdraft on the Consolidated Revenue Fund of £86,416 17s. 9d.; Bank of New South Wales, advance on Treasury Bills (due 29th March, 1865), £100,000. These sums, minus the cash in Treasury chest, (£174 7s. 10d.), made a total overdraft, as before stated, of £481,851 14s. 4d. There were then unsold debentures; Oriental Bank (London), £561,000; unsold

debentures, Bank of New South Wales (London), £155,800; unsold Treasury Bills, £228,800; these three sums amounting to £945,600. The credits outstanding were—Oriental Bank (London), £278,665; Bank of New South Wales (London), £24,688; total, £303,353. A large amount of money must go by next mail to meet our liabilities in London, whilst at the present time I have the greatest difficulty in providing for current demands in the Colony. I question whether, if it had not been for the indulgence of two of the banks I would not be justified in saying that the Government would almost have had to "shut the doors." The Bank of New South Wales have made considerable advances. They had done all they could do to assist the Government, and much assistance had also been received from the Oriental Bank. I do not see my way clear to provide the means for paying those debentures now falling due. Nothing, however, shall be wanting on my part to secure an adjustment of the finances, but still I cannot do impossibilities. But if the Treasury was bankrupt when I left office, I will leave it to hon. Members to say what its state must be now. I do not say that it is bankrupt even now. So far from saying that, I deny that it is so. By management on the part of the Government, and with the support of this House, and the assistance of the banks, I have no fear but that the finances of the country will, in a very short time, be placed on a sound footing. The statement I have now made needs no verification, because it is borne out by papers on the table of the House, so that I need not go farther into the matter. This large overdraft with the banks is not a thing of yesterday. It has not come upon us on a sudden, but has been gradually growing up since the first month of 1864. During this year the greater portion of the Trust Funds held by the late Government were absorbed by them in order to meet their temporary difficulties. I have taken out the balances due upon the several accounts in each month, and without going into the whole figures I will merely give the result of each month. On January 18th, 1864, the Consolidated Revenue account, as per the books of the Treasury, was debited with an overdraft of £7,929 1s.; on February 15th, with £22,651 18s. 3d.; on March 14th, £82,934 15s. 4d.; on April 18th, £110,276 9s. 7d.; on May 16th, £65,636 0s. 6d.; and on June 13th, £232,055 14s. 6d. On July 18th, there was a cash balance in favour of the Consolidated Revenue of £7,821 19s. 8d. This was owing to a sum of £100,000 received on sale of debentures, together with the amount received for publicans' licenses at the end of June. On August 15th, however, there was again an overdraft of £165,656 8s. 1d.; on September 19th, of £180,897 16s. 11d.; on October 17th, of £171,605 16s. 9d.; on November 14th, of £292,709 14s.; on December 12th, of £294,144 10s. 9d.; on January 16th, 1865, of £244,092 16s. 3d.; and on February 13th, of £278,608 17s. 10d. This is the latest date to which I have had the overdraft made up, but I fear that any later account will not be an improvement on those that have gone before. The principal cause of this overdraft was the sending into the market the Treasury bills that were authorised to be issued last year, which made our debentures unsaleable. By last advices, received by the January mail, our debentures had gone down to 92½, this being the extreme limit, and even at that low rate only £20,000 were taken up. The bank was anxious to sell in order to get back the money it had advanced, but the Government had no desire to sacrifice their debentures by selling at the price quoted. Owing so large a sum to the bank, the Government was in no position to dictate on the matter. The amount due must be covered, and the only way to do it, that I can see, is to make some sacrifice. In connection with this subject I will have to trouble the House with a few statements in reference to the remarks made by me in 1863. It will be in the recollection of hon. Members, then in the House, that my successor in office had almost repudiated my balances, and to a great extent remodelled the accounts. Being satisfied that my account was true and faithful, I was naturally indignant at having it impugned. I knew that the account was as faithful a one as could be produced in the office, and consequently in December, 1863, I wrote to the Treasury to ask the Under Secretary to reconcile, if he could, the difference between Mr. Eagar's statement and my own. To that letter I got no answer; and, therefore, on resuming office, I called

attention to this subject, and in answer had placed in my hands a statement from the Auditor General reconciling the difference between my statement and Mr. Eagar's to within £8 18s. 4d. It would no doubt be as satisfactory to hon. Members as it was to me to find this confirmation of the statement of accounts I submitted to the House in 1863. Having thus disposed of the differences between myself and the late Treasurer, I invite the attention of the Committee to statements Nos. 1 and 2, now on the table. No. 1 purports to be an account of the issue of Treasury Bills in payment of authorized services for 1863, and previous years, under the authority of the Act 27 Vic. No. 8. I may mention to new Members of the House that these are the old deficiencies, which were authorized to be covered by the issue of Treasury Bills. The late Government got an Act authorizing them to raise £400,000 by Treasury bills to cover a deficiency to that extent said to exist at the end of 1863, but from various causes they were unable to realise more than £172,000 of that amount. These bills were to have been sold here, but not being taken up, they were afterwards very imprudently forced upon the English market at a time when our debentures were really looked upon as a first-class security; no sales being made under 99 or 100. When sent to England they were most unadvisedly put into the market without referring them, as was usual, to the Stock Exchange Committee. The result was that when these bills, bearing 6 per cent. interest, were offered for sale with our debentures that bore 5 per cent. only, they were, to use a Stock Exchange phrase, immediately blown upon, and none of them would sell. But this was not the only result; for our credit was affected by the alarm of some persons on seeing a new security bearing 6 per cent. interest forced on the market. The consequence of this was that our debentures fell to 92½, whilst those of Victoria, previously at 104, rose to 107–8. Not only did our debentures fall in value, but there was even a difficulty in disposing of them at that rate. I am satisfied that this fall and this difficulty of sale has been caused entirely by the imprudent way in which these bills were sent to London, the result of which is, that the Government is in this position—that they cannot sell their debentures either here or in London. Before I close this part of the case I may say that I intend to ask the Committee to authorize the issue of debentures to cover the amount of deficiency in the sum authorized to be borrowed by Treasury Bills. I do not intend to detain the House by going into particulars of this account, as hon. Members will see from the balance-sheet that the amount of the deficiency to be met is £399,700. The details of the various amounts were given under the different headings and statements appended. In No. 2 account current of the Consolidated Revenue Fund of New South Wales for 1864 it will be seen that there is an estimated deficiency for last year of £412,910. There is on the credit side of this account an amount of £125,000 for appropriations of 1864 estimated as not likely to be required; but as it is impossible to say that the whole of this amount will not be wanted, I will ask for an additional sum to cover any further amount that may be required. The cause of the deficiency has been very clearly stated in the accounts and is precisely similar to that which brought about the deficit in 1862–3, when his present colleagues were then in office. Mr. Eagar no doubt estimated for a larger revenue than had been received; but in estimating there was always a difficulty when the revenue and expenditure were brought too closely together, for the expenditure was sure to take place, whilst it was not always certain that the revenue would be received. The cause of the deficiency was also very forcibly explained in His Excellency's Speech opening this Parliament, and therein attributed to the mischief caused by the floods. I appeal to hon. Members to say whether the calamities of 1864 were so much greater than those of the two previous years—whether the misfortunes which had befallen the Colony in 1862 and 1863 were not quite as serious as those of last year. If the hon. gentleman, my immediate predecessor had frankly admitted that such was the case, he would only have done simple justice to those who had held office before him. There was no doubt that my hon. friend Mr. Weekes, whom I succeeded, when I first took office,

had not, in his Estimates for 1862 and 1863, anticipated that there would be the failures in the crops which did take place and which were the cause of nearly the whole of the aggregate deficiency for those years. I deny that the officers of the Government departments were overpaid by the Cowper Government, and that such over payment had, in any degree, been the cause of our financial difficulties. I will go even further than that and say that I believe the Government departments were conducted with as much economy as private establishments of similar magnitude could be. Hon. Members would see that the total estimated deficiency for the year 1864 was £412,910 4s. 11d. I propose therefore to ask for £850,000 to cover the deficiencies of 1864 and previous years. I intended to have asked for a larger sum, but I think the amount I have mentioned will prove sufficient, as the Treasury Bills would be likely to come in. If the House is prepared to grant me the Loan I ask for I will be able to wipe off the deficiencies of 1864 and previous years, and not have them again brought before the House. This would, of course, be with the understanding that the Treasury Bills outstanding would be paid off and cancelled as they came in. I will now proceed to call the attention of the committee to the probable expenditure of 1865. These Estimates have been prepared with the utmost possible regard to economy, consistent with the necessary efficiency of the Public Service. Many officers in the Public Service had been promised increases of salary, but they have very properly agreed to postpone their claims until next year. Some of these increases of salary were promised by the late Government, and were no more than the officers were, under ordinary circumstances, fully entitled to claim. It would be found in the Estimates, as prepared by the present Government for this year, that there was—when it was considered how much more we are about to do—in point of fact, a considerable reduction upon the Estimates of the previous Government. Hon. Members, if they took the trouble to go through the Estimates, would see that various reductions had been effected in the expenditure of several departments of the service, and these reductions could, it was believed, be effected without impairing the efficiency of the service. The increased items of expenditure for 1865 amounted to £88,241, and I will tell the House what these several items are. The first was in the estimate for the administration of justice, for which the proposed increase of expenditure was £1,883. The next was an increase on account of the Post Office, in which the expenditure was still, I regret to say, considerably in excess of the revenue; the expenditure being £116,168, and the revenue £72,000—leaving a deficiency of £44,168. The increased estimated expenditure for the Post Office—for inland mails and country postmasters—was £4,000. The increase on account of telegraphic messages and postage was £4,500. The additional expenditure for stores was estimated at £7,500. For interest on debentures the increase was £20,000; interest on Treasury Bills, £16,458; and on the public account, £10,000. The additional amount required under the heads of revenue returned and charges on collection I have put down at £11,000; and the additional expenditure for endowments to municipalities at £2,500;—making an increase on 1864, of £77,841. Besides this, there was an estimated additional expenditure of £7,000 for increased military allowances—of £2,000 for the Volunteers and £1,400 for the Naval Brigade. This brought the estimated additional expenditure for 1865 up to £88,241. As compared with the last Estimates there was, it would be observed a reduction in the department of the Chief Secretary of not less than £15,000. A greater reduction than that could not be made, and, indeed, I may say that there would have to be an increase next year, or efficient public officers could not be expected to remain in the service. It was not to be expected that they would if they could get better pay elsewhere. I now propose to show the Committee in what way I intend to provide for the expenditure of 1865. In the papers submitted hon. Members will find an account headed "No. 3, Consolidated Revenue Fund," showing the estimated revenue and expenditure for the year 1865. From that they would see that I expect to receive in 1865 a revenue of £1,954,798—a very much larger estimate than that of last year.

The first large increase that I expect to receive was in the Department of the Customs, on which alone I hope to receive £644,000, as against £538,446. I had this estimate prepared by the Customs Department, and I believe it will eventually be found to be far below what will actually be realised. I am assured by two or three of the sub-collectors that the Border Duties alone will amount to £100,000—but for the present I am content to put them down at £50,000. In the course of two or three weeks a delegation may be expected to arrive from the Victorian Government, with a view to effect some equitable arrangement as regards the collection of the Border Duties. We trust that such will be the case, as it will doubtless enable us to collect these duties at a less outlay. The next item which showed a considerable increase was duty on refined sugar and molasses, in which there is the very large increase of £9,100—or £25,000, as against £15,900 in 1864. In the item of duty on spirits distilled in the Colony there is also a like increase, the estimate being £25,000 as against £10,085 for last year. I have no doubt whatever that this expectation will be fully realised, and in proof of this I desire to state that the Chief Inspector of Distilleries has informed me that up to the 30th March last he had received £13,646. The next item on the Ways and Means was the land revenue, from which we expect to receive £636,433, as against £307,125 in 1864. This large estimate includes £89,333 for balances of conditional purchases,—£8,900 for interest, and £320,000 for rent and assessment on pastoral runs. I have been assured by the Secretary for Lands that he fully expects to realise £240,000 for the new assessments which he proposes. There are other items of increase but they are not so important as those I have mentioned. It is the intention of the Government to propose certain stamp duties. This was, no doubt, a new source of revenue in this colony, but it has been adopted after very careful consideration by myself and my colleagues, and I believe the various duties proposed can be met without much inconvenience to those who will have to pay them, while the result will be beneficial to the colony at large. Hon. Members will see, from the papers distributed, that on any agreement, or any minute or memorandum of an agreement, where the matter thereof shall be of the value of £5 or upwards, whether the same only be evidence of a contract or obligatory on the parties, from its being a written instrument, together with every schedule, receipt, or other matter put or indorsed thereon or annexed thereto, we propose to impose a duty of 2s. 6d., provided always that where divers letters shall be offered in evidence to prove any agreement between the parties who may have written such letters, it shall be sufficient if any of such letters are stamped with a duty of 5s. From this source I expect to receive £5,000. We propose to levy on each inland bill of exchange or promissory-note, for the payment to the bearer, to order or on demand, of any sum of money not exceeding £50, a duty of 1s.; not exceeding £100, 2s.; and where the same shall exceed £100, then for every £50 and also for any fractional part of £50, 1s.; on foreign bill of exchange or promissory-note drawn in but payable out of the Colony of New South Wales: —If drawn singly or otherwise than in a set of two or more the same duty as on an inland bill of the amount and tenor. If drawn in sets of two or more, for every bill of each set where the sum payable thereby shall not exceed £50, 4d.; where it shall exceed £50 and not exceed £100, 8d.; and where the same shall exceed £100 then, for every £50, and also any fractional part of £50, 4d. Exemption from the foregoing duties on bills of exchange and promissory-notes, but not from any other duty to which the same be liable:—All promissory-notes for the payment of money on demand issued by any bank or banking company of New South Wales. Bills of exchange, draft, or order drawn or indorsed out of the Colony for payment of money on demand the same duty as on an inland bill of the same amount and tenor. All bills, drafts, or orders for the payment by any bank or banking company of any sum of money though not made payable to the bearer or to order, and whether delivered to the payee or not, and all writings or demands entitling any person to the payment by any bank or banking company of any sum of money, whether the person to whom payment was to be

named shall be named or designated therein or not, or whether the same shall be delivered to him or not, shall respectively be deemed to be bills, drafts, or orders for the payment of money, chargeable with stamp duty, as if the same had been made payable to bearer or to order. From all instruments which might be brought under this category we expect to realise £25,000. On each bill of lading of or for any goods, merchandise, or effects to be exported or carried coastwise, we propose to charge 2s. 6d., which it is estimated will yield £1,000. On a conveyance of any kind or description whatsoever upon the sale of any property, in respect of the principal or only writing whereby the property sold shall be conveyed to or vested in the purchaser, or any other person or persons by his direction (except transfers expressly provided for by this Act), where the purchase or consideration money therein or thereupon expressed shall not exceed £50, we propose to charge 5s.; where the same shall exceed £50 and not exceed £100, 10s.; and then for every £100, and every fractional part of £100, 10s.; on any deed or instrument of any kind whatever, not otherwise charged in this schedule, £1. From this we expect to raise £15,000. I propose to make the following exexemptions from the preceding duties on deeds or instruments not otherwise charged in this schedule:—All instruments relating to the service of apprentices, clerks, or servants; all bonds given as security for the payment of any definite and certain sum of money; all agreements or contracts for the charter of any ship or vessel; all mortgages of real estate, and all mortgages given by way of bill of sale or otherwise of live stock, goods, chattels, and effects, and personal estate generally; and all preferable liens under the Act 11 Victoria, No. 4. The next item was that on any draft or order for the payment of any sum of money to the bearer, or to order on demand, a duty of 1d. should be payable, and from this source we expect to realise £7,500. Upon any lease or agreement for a lease, or any written document for the tenancy or occupancy of any lands, tenements, or hereditaments, the following are the duties chargeable in respect of the yearly rent—Where the rent shall not exceed £50, 5s.; where it should exceed £50 and not exceed £100, 10s.; above £100, and for every fractional part of £100, 10s. On the lease of any lands, tenements or hereditaments, granted in consideration of a sum of money by way of premium, and also of a yearly rent amounting to £20 and upwards, it is proposed that both the ad valorem duties shall be payable upon a conveyance according to the consideration therein expressed, and for a lease in consideration of a rent of the same amount. On each memorandum of transfer under the Act 26 Victoria, No. 9, the same duty is to be paid as for a conveyance for the sale of lands for a like sum the consideration of such transfer. This, I think, will realise £5,000. Upon every policy of insurance against risk of loss or damage by fire or other casualty to any property on land, it is proposed, for every £100 insured, to impose a duty of 1s., and this will produce £7,500. Upon each policy of insurance or other instrument whereby an insurance shall be made upon any ship or vessel, or upon any goods, merchandise, or other property on board of any ship or vessel, or upon the freight thereof, the amount payable will be, for every sum of £100, and for every fractional part of £100, 2s. 6d., and I thereby expect to raise £5,000. Where any deed or instrument chargeable with any stamp duty under the Act, together with any schedule, receipt, or other matter put or endorsed thereon, or annexed thereto, shall contain 2,160 words or upwards, then for every 1,080 words over and above the first 1,080 words there shall be charged the further progressive duty following: Where such deed or instrument shall be chargeable with any ad valorem duty or duties, not exceeding in the whole the sum of 5s., a further progressive duty equal to the amount of such ad valorem duty or duties, and in every other case a further progressive duty of 5s. By this I expect to realize £2,000. Upon promissory-notes payable to the bearer on demand, issued by any bank, or banking company, at the rate of for every £100 of the average annual amount in circulation, as certified under 4 Vic., No. 13, there will be a charge of £2, and the revenue from which will amount to £18,000. On each receipt or discharge given for or upon the payment of money,

the duty will be 1d., and will yield £7,500. For the transfer of any run or station held under lease, or promise of lease, from the Crown, or of any interest therein, where the declared value of the said run or station or interest, or the value thereof, assessed as in the Act provided, shall not exceed £100, the sum payable will be 10s.; and where the value shall exceed £100, then for every hundred, and any fractional part of £100, 10s., and this will probably bring in £10,000. On the transfer of any share or shares in the stock and funds of any corporation company, or society whatever in New South Wales, upon sale thereof—where the purchase or consideration money therein expressed shall not exceed £50, the charge will be 2s. 6d.; exceeding £50, and not exceeding £100, 5s.; and for every additional £50, or fractional part of £50, 2s. 6d. The amount which, it is estimated, will be received from this source, is £5,000. The duties on probates of wills and on letters of administration with a will annexed, where the effects as sworn to by the executor or administrator shall be under the value of £100, we propose £1; ditto £100 and under £200, £2; ditto £200 ditto £300, £4; ditto £300 ditto £500, £9; ditto £500 ditto £750, £14; ditto £750 ditto £1,000, £20; on every additional £1,000 from £1,000 to £10,000, £15; ditto ditto £10,000 to £50,000, £10; ditto above £50,000, £5. These I expecte will realise £7,500. For letters of administration, without a will annexed, where the effects as sworn to by the administrator, the fees payable shall be—Under the value of £100, £1 10s.; above the value of £100, and under £200, £3; ditto £200 ditto £300, £6; ditto £300 ditto £500, £10; ditto £500 ditto £750, £15; ditto £750 ditto £1,000, £25; on every additional £1,000 from £1,000 to £10,000, £20; ditto ditto £10,000 to £50,000, £15; ditto above £50,000, £10. I anticipate that these charges will also produce £7,500. The duties payable on legacies and successions to personal estate under any testamentary disposition or upon intestacy are shown in the schedule in the possession of hon. Members, and from this source we hope to receive £30,000. The schedule provides that for every legacy, specific or pecuniary or of any other description of the amount or value of £20 or upwards given by any will or testamentary instrument of any person either out of his or her personal estate, or out of or charged upon his or her real estate, or out of any moneys to arise by sale, mortgage, or other disposition of his or her real estate or any part thereof, and which shall be paid, delivered, retained, satisfied, or discharged after the passing of the Act. Also for the clear residue (when devolving to two or more persons), of the personal estate of any person who may die after the passing of the Act (after deducting debts, funeral expenses, legacies, and other charges first payable thereout), whether the title to such residue or any share thereof shall accrue by virtue of any testamentary disposition or upon a partial or total intestacy, where such residue or share of residue shall be of the amount or value of £20 or upwards, and where the same shall be paid, delivered, retained, satisfied, or discharged after the passing of the Act. And also for the clear residue (when given to one person), and for every share of the clear residue (when given to two or more persons) of the moneys to arise from the sale, mortgage, or other disposition of any real estate directed to be sold, mortgaged, or otherwise disposed of by any testamentary instrument of any person (after deducting debts, funeral expenses, legacies, and other charges first made payable thereout if any), where such residue, or share of residue, shall amount to £20 or upwards, and where the same shall be paid, retained, or discharged after the passing of the Act; where any such legacy or residue, or any share of such residue, shall have been given, or have devolved to or for the benefit of a child of the deceased or any descendant of a child of the deceased, or to or for the benefit of the father and mother, or any lineal ancestor of the deceased, a duty at and after the rate of one pound per centum on the amount or value thereof shall be payable; where any such legacy or residue, or any share of such residue, shall have been given or have devolved to or for the benefit of a brother or sister of the deceased, or any descendant of a brother or sister of the deceased, the duty shall be at and after the rate of three pounds per centum on

the amount thereof; where any such legacy or residue, or any share of such residue, shall have been given or have devolved to or for the benefit of a brother or sister of the father or mother of the deceased, the duty shall be at and after the rate of five pounds per centum on the amount or value thereof; where any such legacy or residue, or any share of such residue, shall have been given or have devolved to or for the benefit of a brother or sister of a grandfather or grandmother of the deceased, or any descendant of a brother or sister of a grandfather or grandmother of the deceased, the duty shall be at and after the rate of £6 per centum on the amount or value thereof; and where any such legacy, or residue, or any share of such residue shall have been given or have devolved to or for the benefit of any person in any other degree of collateral consanguinity to the deceased than is above described, or to or for the benefit of any stranger in blood to the deceased, the duty shall be at the rate of £10 per centum on the amount or value thereof. All gifts of annuities, or by way of annuity, or of any other partial benefit or interest out of any such estate or effects as aforesaid, shall be deemed legacies within the intent and meaning of the schedule; and where any legatee shall take two or more distinct legacies or benefits under any will or testamentary instrument, which shall together be of the amount or value of £20 each, shall be charged with duty though each or either are separately under that amount or value. Where the successor to real and personal estate shall be the lineal issue or lineal ancestor of the predecessor, a duty upon the value of the succession at the rate of £1 per centum shall be imposed; where the successor shall be a brother or sister, or a descendant of a brother or sister of the predecessor, a duty upon the value of the succession of £3 per centum shall be charged; but where the successor shall be a brother or sister of the father or mother, or the descendant of the brother or sister of the father or mother of the predecessor, the duty upon the value of the succession shall be £5 per centum; where the successor shall be a brother or sister of the grandfather or grandmother of the predecessor, the duty upon the value of the succession shall be £6 per centum; and where the successor shall be in any other degree of collateral consanguinity to the predecessor than is hereinbefore described, or shall be a stranger in blood to him, the duty upon the value of the succession shall be at the rate of £10 per centum. In conclusion I hope the committee will assist the Government in their desire to place the finances of the country in a better position than they are now in. I shall be very happy to explain any matter regarding which hon. Members may require further information. I now move, Sir, that towards making good the supply granted to Her Majesty for the year 1865, the sum of £10,093 10s. be granted out of the Consolidated Revenue Fund of New South Wales." This is three-fourths of the sum voted in Committee of Supply, which is thus reduced on account of the vote for three months already taken. It is therefore nine months Supply.

NEW SOUTH WALES.

The Financial Statement of the Honorable Saul Samuel, made Wednesday, 29th November, 1865.

[*From the Sydney Morning Herald of* 30*th November*, 1865.]

LEGISLATIVE ASSEMBLY.

Wednesday, 29 *November*, 1865.

FINANCIAL STATEMENT.

Mr. SAMUEL said: It is not without some misgiving as to my ability to perform satisfactorily the important and onerous duties I have undertaken that I now proceed to address the House. But, whatever my shortcomings may be, however imperfectly I may lay before the Committee an exposition of the financial affairs of the Colony, I trust that the great interests of the country will not suffer by any deficiency on my part. Looking at the vast resources of the country, and relying upon the assistance and co-operation of hon. members, I have great hopes that our finances may without much difficulty, and without imposing any serious burdens on the people, be placed on a firm and proper footing. No doubt some sacrifices will have to be made, but these will I am sure be cheerfully submitted to when it is shown that the necessities of the country demand them. I regret that I do not possess any of those powers of embellishment that would have rendered this statement less tedious than it is likely to be, but in the absence of these, I shall endeavour to be as brief as possible, consistent with the important matters that I have to deal with. Before proceeding to discuss the finances of the country, I would ask hon. Members to bear with me whilst I show the material progress the Colony has made since 1851, the year of the gold discovery. I take this year, and compare with it the years 1862-3 and 4, because 1851 may be said to be the first year in which the Colony began to make those rapid strides which it has since maintained; and I take the last three years because they have not been years of prosperous seasons, and may therefore be taken as true indications of the position of the country. In 1851—and before I begin to quote the figures, I would particularly call the attention of hon. Members to them, as they bear much and very materially upon the question we shall have to discuss,—the total population was 197,168 souls; in 1862 it was 367,495; in 1863, 378,934; in 1864, 392,589. The number of acres under crop in 1851 was 153,117; in 1862 it was 302,138; in 1863, 307,035; and in 1864, 318,854. Our manufactories, which in 1851 numbered only 140, had increased in 1862 to 859; in 1863 to 1,768; and in 1864 to 2,084. Our live stock showed a tremendous increase, although within the period mentioned Queensland, with all her flocks and herds, has been separated from this Colony. In 1851 our horse stock numbered 116,397; in 1862 it was 273,389; in 1863, 262,554; and in 1864 it was 284,567. Our cattle were, in 1851, 1,375,257 in number; and in 1862 they were 2,620,383; in 1863 they were 2,632,522; and in 1864 they were 1,924,119. Our sheep in 1851 were 7,396,895 in number. In 1862 the number had fallen off somewhat, being only 6,145,651; but in 1863 it was 7,790,969; and in 1864 it was 8,271,520. The shipping

both inwards and outwards shows a very large increase. In 1851 the number of tons entered inwards was 153,002; but in 1862 it was 454,837; in 1863 it was 479,827; and in 1864 it was 607,168. The number of tons entered outwards was, in 1851, 139,020; and in 1862 it was 457,356; in 1863 it was 511,373; and in 1864 it was 647,057. I come now to the imports and exports, which show a most extraordinary increase within the ten years. In 1851 the total value of our imports during the year was £1,563,931; but in 1862 it was £9,334,645; in 1863 there was a slight falling off, the amount being only £8,319,576; but in 1864 it again rose to £10,135,708; being nearly £25 per head for every man, woman, and child in the country. Our exports in 1851 amounted to £1,796,912; but in 1862 they had gone up to £7,102,562; in 1863 they fell off as the imports had done, and amounted to only £6,936,839; and in 1864 they were £9,037,832. Our revenue has increased somewhat in the same proportion. In 1851 it amounted to £367,261; in 1862 it had gone up to £1,589,816; in 1863 it fell off a little, having been only £1,533,587; and in 1864 it fell to £1,390,536; and though I do not wish to anticipate any part of the statement I shall have to make hereafter, I may as well state here that our revenue for the year 1865 is expected to amount to £1,747,272. Whilst our population, our manufactures, our crops, our live stock, our shipping, our imports and exports, and our revenue have gone on increasing, it is also highly satisfactory to know that our mortgages have decreased. On live stock the mortgages had decreased between 1863 and 1864 to the extent of £386,704. I take it that there can be no greater evidence that the country is progressing than these figures; and that we have progressed to a very great extent few will deny. It is asserted that there is great depression; this I admit. It is asserted also that there is a large number of persons out of employment. No doubt this also is the case; but it is easily accounted for, by the fact that in 1863 we had a very bad season, and that the country suffered seriously from floods. Whole farms and houses were swept away by inundations; the loss to the people was very great indeed, and the whole industry of the country was seriously retarded. In 1864 the country suffered again, partially from floods, partially from drought; and this year we have gone through a season of unprecedented drought, of a kind and character not known in this country for many years past. All these together have had a very serious effect upon the industry of the country, and as a natural consequence that interest on which the community chiefly depends, and which is the mainstay of the Colony, has suffered with the rest. When those engaged in pastoral pursuits suffered in this way, and saw ruin staring them in the face, they took the wise course of reducing their expenditure, as much as possible, so as to be able the better to meet the losses they were likely to incur. Thus many men were thrown out of employment in consequence of squatters and others reducing their expenditure in anticipation of what is not now likely to occur, as the change of season that we have happily experienced will, to a great extent, relieve them of all fears for the future. It was natural that when the pastoral interest was suffering all other interests should suffer also. Every depression which this country is suffering may be traced to this cause, inasmuch as every interest is more or less dependant upon the producing interests, therefore, when they suffer, all others suffer. I will now proceed to state what progress we have made, as a community, up to the present time. We have constructed, and have in working order, 145 miles of railway, and we have 165 miles in course of construction, making together 310 miles. Of the lines opened we have 81 miles to the south, 54 to the west, and 30 to the north. We have 2,584 miles of telegraphic wires opened, and 425 more in course of construction, making together nearly 3,000 miles. I think when we consider the age of the Colony, and its population, we may well say, "This is fully as much as can be expected from the number of people during the period that the Colony has existed." I venture to say that no other than the Anglo-Saxon race could have achieved so much in the same time. It may be as well before proceeding further, to show the result of our railway operations—that is the earnings

of the lines, their working expenses, and what they yield us beyond the expenses. I hold in my hand a return in regard to railways, and, without wishing to be tedious, I may be pardoned if I detain the committee for a short time while I show the progress we have made, and the loss we are sustaining by our railways. This return commences with 1855. There were then only 13½ miles of railway open in the Colony. The number of passengers carried in 1855 was 98,846, and the total earnings, £9,248 10s. 3d.; the total working expenses, £5,958 13s. 10d., and the net earnings, £3,289 16s. 5d. The capital then invested was £515,347, and the rate of interest £638. It would be too tedious to go through every year, but I will lay the return on the table, so that hon. members may read it for themselves. I will now jump at once to the years 1864 and 1865. In 1864 there were 142 miles open; the number of passengers carried was 693,174, with 379,661 tons of goods; the total earnings being £147,653 12s. 11d.; the working expenses, £103,714 18s. 3d.; and the net earnings, £43,938 14s. 8d. The capital invested was £2,631,790 8s. 9d., and the rate of interest £1,669. For the present year the returns extend only to 30th September, but an estimate is made for the remainder of the year. There are 145 miles of railway completed and open to traffic. The construction expenditure on the 31st December will amount to £3,576,191; the revenue to £164,342; the working expenses to £112,770; and the net revenue to £51,772, or at the rate of £1 9s. per cent. on the outlay. The interest on the capital invested will, at 5 per cent., be £178,809, leaving a loss of £127,037. I shall deal with the telegraphs in somewhat the same way. Here we have had a much more glowing picture than we are entitled to, as the lines of telegraph have not yielded so large a per centage as we have been accustomed to believe. We have nearly 3,000 miles of telegraph open and in course of construction, the expenditure for which will amount to £172,513; the revenue to £29,853; the working expenses to £22,547; and the net revenue to £7,306 —or £4 4s. per cent. The interest on the cost (£172,513) at 5 per cent. is £8,626, leaving a loss of £1,320. I find we have also expended during the last ten years, out of revenue, £2,158,495, on public works, roads, bridges, &c. This large sum is exclusive of loans, and shows how heavily the construction of public works falls upon the central Government. This subject is, I think, worthy of a great deal of consideration by hon. Members, in connection with other matters which I shall refer to hereafter. I find that nearly £2,000,000 were sent out of the country for breadstuffs in four years—namely, from 1861 to 1864, both, included; and if we wanted anything to show the necessity of pushing our lines of railway into the interior, this fact alone should be argument sufficient. I therefore think we ought to use all the means in our power to promote this great undertaking. I will now refer to our public debt; and I must say that considering our population it has assumed gigantic proportions. Our debt may be said to amount to £8,000,000. The sums raised by loan, and authorized to be raised, amount to £8,213,380, the interest on which is equal to £1 per head for every man, woman, and child in the Colony. In most countries this would be considered a large amount of taxation, but I do not look upon it with alarm. With such resources as we have the debt may soon be got rid of; at all events it is a source of satisfaction to know that it has been incurred for useful purposes, unlike the public debt of some countries which had left behind it ruin and desolation. For my part I have long contended that we have been going in the wrong direction, incurring debt without making provision for its extinction, a proceeding which must result in great sacrifices by the people. If, however, sacrifices are made at once they need not be necessarily great. I will only point to one vast asset which we have, which may at once stop the mouths of those who think our public debt out of proportion to our resources, and that is the 200,000,000 acres of unalienated land in this country —an asset sufficient to meet a debt much larger than our present one. I think it may be as well, before proceeding further, to state as briefly as I can the state of the public accounts. I shall have to refer to them again, but I will now just mention how they really stand. The document which I hold in my hand has

been laid upon the table already, but I will again lay it upon the table when we come to consider the Ways and Means. The debentures and Treasury bills sold to 31st October last, as per statement with Ways and Means for 1866, page 57, amounted to £6,153,330, of which there were paid off £414,200, leaving outstanding on that date, £5,739,130. To this has to be added the debentures in the hands of the Oriental Bank Corporation, London, as per memorandum at foot of statement referred to, £1,180,900. In the hands of the Bank of New South Wales, London, as per same statement, £155,800. In the hands of the Bank of New South Wales, Sydney, issued under 27 Victoria, No. 14, £100,000. Forwarded by the "Bombay" this month to the Oriental Bank Corporation, London, £570,000, issued also under 27 Victoria, No. 14. In Treasury chest, issue under 18 Vic. No. 35, £23,600. Total, £7,769,430. The debentures still to be issued, are as follows:—18 Victoria, No. 35, Colonial Stores and Defences, £33,000; 19 Victoria, Nos. 38 and 40, Affiliated Colleges, £40,000; 29 Victoria, No. 4, deficit of 1864, £150,000; 29 Victoria, No. 9, Public Works and Immigration, £219,450. These, with balance of Treasury Bills yet to be issued, viz., £1,500, would make the whole debt of the colony £8,213,380. I will now refer to the postage on newspapers, as I desire to place before the committee, all the information which does not bear on matters relating to the Ways and Means, before I proceed to their consideration. The revenue for the nineteen months since the duty on newspapers came into operation was £19,000. The number of newspapers posted in Sydney for nineteen months previous to the 1st of April, 1864, was 2,961,000; posted in the country, 2,379,256; total, 5,340,256. Posted in Sydney for nineteen months subsequent to 1st April, 3,694,838; posted in the country, 1,888,228; total, 5,583,066. Thus showing an increase of 465,255 since the Act came into operation. There is an increase in the number of newspapers posted in Sydney and a decrease in the number posted in the country. It was asserted that there would be a falling off in the amount received for telegrams, in consequence of the operation of this Act, but the falling off is only £87 5s. 9d. I will now proceed to deal with the balance-sheets of different years, and I would ask hon. Members to turn with me to the balance-sheet marked No. 1, which is the one for 1863—that memorable year in which the large deficiency we had to meet was brought to light. This was the deficiency which it would be recollected the Government were authorised to issue £400,000 of Treasury bills to meet. That deficiency has now been ascertained to amount to £398,849 14s. 5d; and I may as well explain it to hon. Members, because I shall have to ask them to follow me as closely as possible through all the balance-sheets, in order that I may make clear to them the true financial position of the country. In doing this, I hope that I may be fortunate enough to make it so clear, that they will at once see that all I have had to state is based upon the figures which I have placed before them. The deficiency of £398,849 14s. 5d. is the amount for which the £400,000 of Treasury bills were asked. These Treasury bills have all been realised with the exception of £766 14s. 8d. That is to say, £300,000 have been actually sold, and £100,000 were advanced on, by the Bank of New South Wales, to the hon. Member opposite (Mr. Eagar) when he was Treasurer. They were transmitted to England for negotiation, but only £24,000 were sold, the Government being indebted to the Bank for £76,000, balance of the advance of £100,000. The unsold Treasury bills are now on their way from England to the Colony. I desire to impress on hon. Members this fact, that the whole of these Treasury bills, with the exception of £76,000, have been sold, and that these £76,000 worth of Treasury bills will have to be retained by the Bank of New South Wales until the advance is paid. I do not think it necessary that I should further refer to this balance-sheet, but the explanation given was necessary for the House understanding what I may say hereafter. I will now ask hon. Members to turn to balance-sheet No. 2,—that is the one for the year 1864. Hon. Members will understand that we have dealt with the year 1863, and that we have swept away the deficiency for that year by the issue of Treasury bills, and that we are now dealing with the balance-sheet for

1864, which shows an estimated deficiency of £407,626 7s. 11d. Now hon. Members will perhaps remember that to meet this deficiency short-dated debentures were authorized to be issued last year. I would earnestly call attention to the fact that not one of these debentures has yet been sold, and that for the whole of this deficiency of £407,626 we are at present indebted to the banks and to the revenue of the year 1865. As not one penny has yet been raised on the Debentures authorized to be issued to meet the deficiency of 1864, hon. Members will please bear in mind that this is a debt which the House will be called upon to make good. As I do not think it necessary to refer further to this balance-sheet at present, I would invite the attention of the Committee to the next balance-sheet, which is that for the present year, and which has a little more interest for us. From this statement it will be seen that the balance brought down is a deficiency of £22,313 6s. 7d. Now this deficiency, if compared with the deficiency of previous years, is a small one; but still it is a matter for regret that we should at the end of this year, have a deficiency instead of a surplus. I regret, for the sake of the country, that the Government were not allowed to carry on, in the manner they thought best for the honor of the Colony, and thus been able to bring down a balance-sheet without any deficiency. Honorable Members, however, I regret to say, have stepped in and prevented it. No matter who had brought in a scheme of taxation, no matter what inconvenience it was to the Colony if, looking at the bad seasons we had gone through, we had obtained a surplus this year, it would have been of the utmost importance. But the deficiency is of an insignificant character, and may therefore, be regarded as no deficiency at all; still, it would have been better if I could have shown a surplus. This small deficiency, was, however, only brought about by making savings. And there are savings which I think, when hon. Members consider the importance of not having a deficiency, they will gladly join me, and not insist on the expenditure of the sums treated as such. Although I refer to these savings, I will not dwell upon them at any length. There is first the great saving which honorable Members have much reluctance to allow, namely, the saving on railroads and bridges, and I say under no other circumstance would this saving be justified except under that of pressing claims with an overdrawn account at the bank (which I shall have presently to refer to), and the fact that every Treasurer has been placed in the humiliating position of going cap in hand to the banks and asking them to honor our cheques. In such a state of things as this, I ask honorable Members to say whether the saving on the vote for minor roads, or any saving whatever, was not justified? If a man in the ordinary circumstances of life gets into a position of difficulty, would he hesitate to make any sacrifice to preserve his honor and credit? I am sure, honorable Members will admit, that no sacrifice would in such a case be too great, and that that which is right in the case of a private individual, must also be right in the case of the State. Such then has been the position of the Government. I have no hesitation in saying it, because I think the House and the country ought to be made aware of every fact connected with the great difficulty we have had to contend with in order that it may be met in a manly way. There should be no concealment, and the honor of the country should in no way be impugned, nor should those who represent the country be placed in the humiliating position in which we have been. There was one part of the year—the evening of the 30th of the month—that the Treasurer did not know that he would be able to pay the cheques of the following month. He was dependent on the overdrawn account; and the banks had told him it was already so largely overdrawn that they were afraid they could not, without injury to their customers, give the Government more credit; but by good management on the part of my predecessor the difficulty was averted. This was a difficulty which had been impending, and I ask whether it is desirable that such a state of things should be perpetuated one moment longer. I will read a passage of a letter, addressed to my honorable friend, and ask whether it is desirable that this kind of thing should be tolerated. (The letter read was to the effect, that the bank could

not provide the funds, of which the Treasurer stood in need.) (AN HONORABLE MEMBER: "What bank?") The Bank of New South Wales. (Mr. BUCHANAN: "You should not have tolerated it.") It is very easy to say that, and I dare say some honorable Member will say that the Government should not have underestimated their Ways and Means. But is this the only Government that had not estimated their Ways and Means correctly? Has it not often happened even with the Chancellor of Exchequer in England? Looking at the seasons we have had, and when every person is drawing in his expenditure to meet the circumstances of the times, is it not natural that the Government should be affected also? If we took away the 20 per cent. increase which was added to the Customs Duties, and the ordinary revenue does not come up to that of 1864, was that attributable to any miscalculation of my hon. friend? It was due entirely to a Power far above the power of this House, and far above that of any human being, and to such a Power we must all bow. But these are facts which I am now telling hon. Members, that ought not to be concealed from them. Well, it may be said that reductions ought to be made in some other quarter, and that the Government ought to take on themselves the responsibility of reducing salaries. But I venture to say that no Government, formed of Members of either side of the House, would undertake such an invidious task. For years past we have had frequent changes of Government, but I have seen no greater disposition in one, more than another, to make these reductions. Having referred to the deficiency for the year 1864, it may be as well to show hon. Members from what sources the deficiency has been actually met. £357,408 is the amount already paid, but £407,626 7s. 11d. is the estimated amount of the deficiency for last year, that is, for 1864. The sum already paid, viz., £357,408, has been obtained from the funds borrowed from the following accounts:—Treasury Bills, £30,948 1s. 11d.; revenue of the year 1865, £98,714 10s. 8d.; Bank of New South Wales, £83,333 14s. 8d.; Oriental Bank, London, £20,818 14s. 9d.; Lodgments, £92,238 16s. 4d.; Church and School Fund, £19,658 9s. 7d.; Civil Service Superannuation Fund, £1,429 7s. 10d.; Scab in Sheep Fund, £10,267 2s. 10d. Total, £357,408 18s. 7d. Before leaving this part of my subject, I would like to go a little further and show a few more difficulties which the Government have had to contend with, and which have been occasioned somewhat by the management of the hon. Member opposite (Mr. Eagar). In making these remarks, I desire to say that I make them in no offensive spirit. I cannot avoid, however, referring to the management of my hon. friend, but I desire to do it in the least offensive manner possible. In the year 1864 the hon. Member very suddenly, and in a way I regret to say I do not altogether approve of, withdrew the London financial agency from the Oriental Bank and gave it to the Bank of New Wales, without any notice whatever. He commenced on the 12th September, 1864, to take over the agency from the Oriental Bank, and in the same month he obtained from the Oriental Bank, while negotiations were pending for withdrawing the agency, credits to meet the payment of interest due by the Government in England. When I say "credits," it is necessary I should explain what is meant by the word. It is the practice of the Government to obtain letters of credit from the Oriental Bank in Sydney on the Oriental Bank in London, to pay their engagements there. The hon. Member obtained from the Oriental Bank on the 21st September credits to the amount of £140,000 to pay the interest due in London on the 1st January, 1865. On the 7th October he completed his arrangement with the Bank of New South Wales, and without any other notice, beyond a communication to that effect, withdrew the agency from the Oriental Bank. This will be seen by the correspondence laid upon the table of the House. Well, when this arrangement reached the Bank of New South Wales in England, they declined to carry it out, because they were not in a position to do so. The hon. Member had arranged with the Bank of New South Wales to take over all credits, pay all advances, and relieve the Oriental Bank from all our liabilities. But they were found by the Bank to be much larger than my hon. friend represented them to be, and so they wrote to the Oriental

Bank declining to take over the agency with all the liabilities attaching thereto. In the meantime as the Oriental Bank was released from all our engagements, we were left in this position:—We had the Oriental Bank relieved of the Agency, with a large amount of debentures on hand, and we had also the Bank of New South Wales, with a large amount of debentures and Treasury bills to cover advances, declining to carry out this arrangement. The Oriental Bank were perfectly free, as they were not our agents; but the Government were in this position, that they had no financial agency in England on the 30th December, when the Bank of New South Wales declined it, and they had no one there to make arrangements for paying the interest accruing on the public debt. This was the state of things brought about by my hon. friend opposite. I would not refer to it now did not the interests of the country require that I should do so, because it is one of the circumstances that has in some degree brought us into our present unfortunate position. Let us now see what was done. The Oriental Bank, in the handsomest way imaginable, stepped forward and undertook to pay the interest on our debt. They said, "although we consider ourselves no longer agents for the Colony, still we will meet the interest on your debt and protect the honor of the Colony." Well, they did so, and thus the honor of the country was protected. I say, therefore, that we are under great obligation to that Institution for so protecting our honor and our credit; but they did more, they said to the Bank of New South Wales we must not be competing together in the sale of the debentures of the Colony, as the market is down and the debentures not very saleable, let us sell the debentures, and we shall undertake to hand over half the proceeds to you, and retain the other half ourselves. We had no agency in England until September last;—in fact, I may say we have no financial agency there at this very moment, and I will tell you how it is. The Bank of New South Wales having declined the agency, the Oriental Bank before again accepting it requested different terms. As they did not consider themselves our agents, negotiations were opened afresh with this bank. From December last up to September no arrangement was effected with respect to the financial agency of the Colony, but then the late Colonial Treasurer succeeded in effecting one, subject, however, to the ratification of the Board in England. In connection with that arrangement a letter was submitted, to which I shall presently have to refer, to show hon. Members the necessity at the present crisis—which is unexampled in our history, and which I hope will never occur again—for some prompt action. In September last, the late Colonial Treasurer (Mr. Smart) succeeded in establishing an agency after long negotiation. Few men would have gone so well through what he did during the last year, for he encountered difficulties of an almost insuperable character connected with the finances of this country. At one period, when it was actually necessary to meet pressing engagements in London, and when he had no means of getting credit through the banks to meet them, he carried out negotiations of a delicate and nice character in the most able manner. I desire, therefore, to give him every credit for the ability he showed under the circumstances. (MR. DIGNAM: "Why did he not stay where he was then"?) Well, I can hardly understand that any man would stay where he was if he really could get away. I reply to that observation because I think it very pertinent to the point. Looking to the difficulties he had to contend with, and which I have to contend with, no one would seek the Treasurership as a bed of roses. I do not wonder that he was glad to get out of it, and under no circumstances could he find a greater relief than in retiring from such a position. I think it desirable, in order that the exact financial position of the country should be understood, that I should show the state of the public accounts on the 27th of November—two days ago—and I would here remark that they will exhibit a more favourable state of things during last week than they have done for some time past. When hon. Members consider the state of these accounts—looking at the liabilities of the Government and the state of the bank account—they will not be surprised that the Government should resist all expenditure that is not of the most urgent and necessitous character. On

the 27th of November we were indebted to the Bank of New South Wales in Sydney to the amount of £52,466 1s. 3d. and we were overdrawn with the London Branch of that Bank, £93,395 2s. 1d.; and with the Oriental Bank Corporation, London, £214,469 8s. 4d.—making together an overdraft of £360,330 11s. 8d. To this must be added interest on debentures and Treasury bills due in London on the 1st of July last, not yet brought to account by the Oriental Bank, amounting to £115,716 19s. 6d.—thus making the overdraft in all, £476,000. Our other liabilities are these—credits opened with the Oriental Bank Corporation, including interest due 1st January, 1866, £345,557 11s. 7d.; debentures due 1st January, 1866, £300,000—which is an obligation that must be met at any sacrifice; indeed, these are all obligations requiring immediate attention. Then there are Treasury bills unsold and returned, £76,000; sums due to special accounts such as trust funds and lodgments, £127,188 17s. 10d.—these liabilities aggregate £1,324,794 0s. 7d. Now hon. Members will recollect that this is an obligation of immediate liability. No doubt we have in England debentures to nearly this amount, and others *in transitu* that would make a larger amount. Notwithstanding this enormous liability, I regret to tell hon. Members that from advices last received, we are informed that none of our debentures in England have yet been sold. The debentures now, by an arrangement on the Stock Exchange, and by some management with the Oriental Bank, will have to be tendered for in one month. We might put a limit upon this, but we are really not in a position to do so. Our debentures must be sold to meet our liabilities in England, and they will be offered in all probability some time next month. I hope, as far as I have gone, I have succeeded in making clear to hon. Members the position of the finances of the country. There has been laid upon the table of the House, on the motion of the hon. Member opposite (Mr. Eagar), a return—I do not know with what object it was asked for, but perhaps he will show us by and by—showing the progressive weekly balances at the debit of the Government. Unfortunately there have been no credit balances. These weekly balances, it will be seen, are serious amounts, and it is only within the last six months that they have visibly decreased. I am happy to say that compared with what they had hitherto been, they are now brought down to a very small sum, namely £22,000. I hope that the receipts at the end of this year, or at the beginning of next, will annihilate that overdraft. I now proceed to the most important part of my duty, namely that which relates to an exposition of the estimates of revenue and expenditure for 1866, a duty which I do not approach without considerable anxiety. I confess that to me this is a matter of the greatest solicitude, because great as have been the difficulties of the past, those of the future are even greater, and it will depend much upon the spirit in which the House meets my propositions whether this difficulty will be alleviated or not. Hon. Members will see by the account of estimated revenue and expenditure for this year that it shows a surplus of £47,670 13s. 5d. But before I deal with the Ways and Means, I would like to say something about the expenditure. There are some, though not numerous, changes in the estimates of expenditure (with the details of which I do not wish to weary the House), the most important being the omission of the usual vote for minor roads, the reduction of expenditure for main roads, and an increased amount for interest on the public debt, which is accounted for by the fact that the debt has increased and is increasing still. I will refer, though shortly, to the item taken off the usual expenditure for public roads, as I do not desire to shirk my responsibility in that matter. I regret that the feeling of the House appears to be against leaving off the Estimates the sum for minor roads, for I believe the policy which dictated its omission is a sound one. The hon. Member for the Hastings is anxious for compulsory municipalities in particular districts, and I believe the way to make them compulsory is to give no grants in aid of public works and roads except municipalities are established there, and then to aid them only during their infancy or for such period as aid may be absolutely necessary, and after that throw them upon their own resources. I think that is a far better way of making them compulsory

than making them compulsory by law, but the House has willed it otherwise. ("No.") Well, I hope it will not, for I believe that if the central Government is ever to be relieved of the expenditure for local public works throughout the country, this is the way to effect that object, and there can be no better time than the present for a commencement, because the necessities of the State now demand retrenchment. Retrenchment, it may be said, might have been made in some other direction. In reply to that I may state, on behalf of the Government, that wherever it can be shown clearly that the expenditure of the country can be properly reduced they will go in for retrenchment. I know from experience, however, that no vacancy occurs in the Public Service without the Government being beset with applications for appointments. (Mr. DRIVER: "That does not show the necessity for the appointments.") Hon. Members will bear me out that many Members of the House are constant in their applications for the employment of friends, or to obtain the creation of offices for them. (Cries of "name.") (Mr. DIGNAM: "Shut the Government backdoors then.") All I say is this, that this question of retrenchment is a difficulty which everyone has felt; we talk a great deal about it, and have been talking of it for the last ten or twelve years. Some time before I took office, I went very carefully over the Estimates with my hon. friend at the head of the Government, with a view to seeing whether retrenchment could be effected, and if so, where it could be best made; but we found it very hard to determine in what that retrenchment should consist. Since taking office, I have again made a similar examination of the Estimates and the same difficulties have everywhere presented themselves. I have constantly met with assurances that such and such a proposed reduction was not feasible and ought not to take place. Hon. Members who now sit on the other side of the House have, I know, experienced the same difficulties, for I remember going through the Estimates with the hon. Member for the Hastings, when that hon. Member was in office, to see what retrenchments could be effected; but although we then came to the conclusion that some should be made, none did actually take place. (Mr. FORSTER: "The House would not allow me to make them.") Well, perhaps the House will not let them be made now; at all events, many retrenchments that the hon. Member contemplated were not carried out. I must now revert to the balance-sheet for 1866—the account current of estimated revenue and expenditure for that year. Hon. members will see thereby that I have brought down as already stated an estimated balance at close of 1866, of £47,670 13s. 5d. I have added to the charges on the Consolidated Revenue Fund £20,000, that being the amount which is likely to be required for the Panama steam postal service. I believe the estimated revenue for 1866—namely, £1,966,504—has been fairly given. With the sum of £728,000 proposed to be raised by loan, this will bring the amount of receipts up to £2,694,504. I have gone through the particulars of estimated revenue with the heads of the different departments, and have every reason to believe that the abstract statement of the probable revenue attached to this account may be depended upon. Our estimated surplus balance of £47,670 13s. 5d. will, however, not be realized if that proposed expenditure is to take place which the House contemplated by its vote the other evening in respect to the minor roads. Should the Government be pressed into such an expenditure during the ensuing year, the surplus mentioned would become a deficiency of £49,219. If the House goes on as it did the other night in the affair of the Cowra bridge, insisting upon expenditure which we did not take into consideration in framing our estimate of Ways and Means, it will be quite impossible for any finance minister to provide for the exigencies of the country. I will now trouble hon. Members to refer to the details of revenue, as set out on the 54th page of the Ways and Means. I do not think it will be necessary for me to go through all the items, but I may offer a few remarks to the House about some of the most important. The revenue from land has not, I may observe, come up to the amount anticipated by the late Minister for Lands. The actual and estimated land revenue for this year, 1865, is £516,501. It was estimated originally at £636,433. It will

not therefore rise so high as anticipated by about £120,000, but of course no one can exactly foresee what the revenue may prove from any particular source. In the Customs the falling off will not be so great, being only some £15,000 less than the original Estimate for this year. Notwithstanding the falling-off in these two instances, I have, as already intimated, calculated upon an estimated balance of £47,670 13s. 5d. at the end of next year. But in such an anticipation I have not reckoned upon having to make such a large expenditure upon minor roads as was sanctioned the other evening. I have not treated that as a vote, and I do not intend to do so until it is placed on the Estimates. If such an expenditure is to be provided for, instead of having a credit balance on the 31st December, 1866, there will be a large deficiency. Before going further it may be as well perhaps that I should give the House some particulars respecting conditional purchases from the 1st January, 1862, to the 30th September, 1865. In 1862 the area taken up by conditional purchasers was 357,280 acres, the amount of deposits made £89,320, and the amount of balances falling due in 1865 £246,370. The amount of such balances paid up to the 30th September last was £28,494, and of balances on which interest had been paid £90,000—total, £118,494—leaving balances still due to the amount of £127,876. In 1863 the area sold was 259,369 acres, amount of deposits, £64,842, and amount of balances due in 1866, £190,000. In 1864 the area sold was 165,516 acres, amount of deposits £41,404, and amount of balances due in 1867, £119,500. In 1865 the area sold up to the 30th of September was 115,552 acres, amount of deposits £28,888, and amount of balances due in 1868, £88,700. These together made a total of 897,817 acres of land sold, £224,454 deposits, and £644,570 balances. Of the balances £28,494 have been paid up; interest has been paid on £90,000, and £526,076 remains to be paid as it falls due. I have not taken this amount into account in any way. Hon. members will see that the actual and estimated revenue from the land for this year is £516,501, and the estimate for 1866, £539,800—the original estimate for this year having been set down as £636,433. Hon. members have heard me speak of Treasury Bills, and short-dated debentures, and of a probable deficiency of £49,298 in 1866. I must, however, tell the House that this deficiency of £49,298 is not the only one we have to deal with. We have £400,000 Treasury bills falling due on the 1st January, 1868. They may be considered as due in April next, because at any time after the 1st of April, 1866, they may be presented in payment of revenue, and I am bound to consider them as an obligation we have to meet. My hon. friend, the late Colonial Treasurer, issued short-dated debentures to be paid off annually. £100,000 of these debentures fall due on the 31st December, 1867. So that we have £500,000 to meet within two years, and another £100,000 in 1868. In a little more than two years, therefore, there are sums falling due to the amount of £600,000. As it falls to my lot to provide for this large sum, it becomes my painful and unpopular duty to submit increased taxation. I hope hon. Members will not look upon this question in any party spirit. It is for them to remember that they have the honor and credit of the country to preserve. The Oriental Bank have not yet ratified the agency to which I have previously referred, and I believe that they look to the Government to make provision for meeting this deficiency. They wrote a letter on this subject, which was received a few days before my entering upon office. To that letter I gave no reply, beyond a private communication, in which I assured the Bank that as far as I was personally concerned I would do all I could to place our finances in a satisfactory position. The Bank has behaved well to us, and certainly should be treated well by us in return. I think it right that I should read this letter. It is as follows:—

Oriental Bank Corporation,
Sydney, 16th October, 1865.

The Honorable the Colonial Treasurer.

SIR,—Referring to my letter of 26th ultimo, I have now to request, in consequence of advices since received from London, that you will communicate to me before the departure of the next mail whether the Government in the ensuing session propose to bring forward such measures as will meet the expenditure and provide for the Deficiency Loan, together with such other particulars connected with the financial position of

the colony, as may give our Head Office confidence, and lead them to ratify the terms submitted in the letter above referred to.

It may perhaps appear to you that the Bank are moving somewhat out of their position in asking for this information; but when it is borne in mind that a large amount of debentures must be disposed of within a limited period, to meet your requirements, and the absence of all confidence in the financial position of this Colony existing on the Stock Exchange in London, as evinced by last advices, I trust it will be seen that it becomes almost imperative we should be supplied with information in connexion with the foregoing.

I am, Sir, &c., &c.,
S. MURRAY, Acting Manager.

Now, although it might appear that the manager of that institution had gone somewhat out of the way, yet as the Bank had made large advances to the Government, he had a right to be satisfied that we intend to do something that will give confidence to the public creditor. And can it be expected that confidence will be reposed in us by the public creditors if we go on year after year creating fresh deficiencies and meeting current expenditure with borrowed money? I say that this is not the way to give confidence to the public creditors; and that the Bank Manager was perfectly justified in writing as he did. And it is not this Bank alone that calls upon us to settle our financial difficulties, for the English newspapers teem with allusions to the subject. The *Times*, the *Illustrated London News*, and other papers, all notice our position, and show that we are borrowing money to meet our current expenditure. Such is the case; but the difficulty is one from which we may extricate ourselves by a little wise and proper management, and with some trifling sacrifice. It is not after all a difficulty of any great magnitude. Looking at the resources of the country our debt is as nothing. These paltry deficiency loans are not alarming if we only take the proper course to provide for them. It may be that the measures I am about to propose for meeting these loans will not meet the views of some honorable Members; but, be that as it may, I believe they are the right measures and such as are likely to realise the object. I hope I have shown hon. Members clearly the absolute necessity for taxation; that we have to provide for retiring Treasury bills, and short-dated debentures falling due shortly, and also for the deficiency we are now creating for 1866, unless some mode of retrenchment should be adopted. But I do not believe that any hon. Member supposes that it is possible to retrench sufficiently to meet engagements to the extent of £600,000 during the next two years. That amount cannot possibly be made up by retrenchment. Holding these views, I have now to perform the most unpleasant part of my duty. Knowing that it would be my duty to propose some increased taxation, I have considered a variety of schemes. I am aware that there is a strong feeling amongst a considerable section of the community, that we should have recourse to a property tax, and having thought a good deal over that, I have arrived at the conclusion that a property tax is impracticable. In this country, perhaps more than any country in the world (though there are other colonies in the same position as ourselves), it should be the policy of the Government to encourage the acquisition of property. But what is the value of the property of the country in private hands taken altogether? As it has been variously estimated, I find the greatest possible difficulty in arriving at anything like a satisfactory approximate value, but will for the sake of argument, over-estimate it, and put it down at thirty millions —though I consider that far too much. I believe it is not more than twenty millions; but I will take it at thirty. Now, taking the annual income of that property, at 5 per cent., it would give a sum of £1,500,000. Take, then, 2½ per cent. upon that income, which would be a considerable tax, and all that it would give would be £37,500. That is all that it would yield as a property tax. (Mr. BUCHANAN: "That is an income tax.") By putting a tax of 5 per cent. on property you would annihilate it in the course of twenty years; that is you would tax back in that period the whole property of individuals to the State. But those who talk in this absurd way do not know what they are talking about. The effect of such a tax would be to annihilate all property. But what says Mr. M'Culloch, who may be taken as the most eminent authority on these matters? He says:

What object have industrious persons in view? What is it which inspires them with courage to undertake, and resolution to overcome, the most

irksome and labourious tasks? The hope that they may be able to realize a fortune in lands, funds, or mortgages! But were the State, in its fancied wisdom, to enact that these sorts of property should be exclusively loaded with a heavy direct tax, it is clear that either the process of accumulation would be effectually checked, or—which perhaps is the most probable result—the accumulations, when made, would be carried to foreign countries, where taxes were imposed on some less partial and oppressive principle. It is useless to inquire which of these consequences would be most injurious. It is sufficient to know that either would be ruinous. If we are to have a property tax, it must be made to affect all those who possess property. It is not easy, indeed, to exaggerate the mischievous consequences of such a tax; but they would certainly be very inferior to those that must follow any attempt to assess it exclusively on the property of particular classes.

He goes on still further, and says:—"Direct taxes have been the curse of every country into which they have been introduced, and are at once a consequence and a cause of a low and impoverished state of society." That is the opinion of Mr. M'Culloch. Hear what Sir Robert Peel says on this matter:—

With respect to a tax upon property, as distinguished from a tax upon income, I very much doubt whether it would promote the interests of the labouring classes, because it would diminish the funds at present appropriated to the encouragement of industry and the promotion of labour, and it would ultimately be found that the tax does not affect the person who pays it so much as the labourer, by diminishing his means of employment.

Surely these may be considered good authorities; surely they are far preferable to the amateur financiers in this House. Well, I think it must be quite clear to those who will take the trouble to think of it, that from the authorities I have quoted—and there are plenty more—a property tax in this country would be impracticable. I should state that John Stuart Mill holds precisely the same views as those I have quoted. But I hardly think it is necessary that I should read any more authorities. We come now to an income tax. I believe that all those who have thought of this matter, and who have really taken the trouble to look into the operation of the Income Tax in the old country, will agree that it is most mischievous, inquisitorial, and unequal, in its application. The recent evidence taken before a select committee of the House of Commons shows that it does not work satisfactorily. I hold in my hand a very good work upon Political Economy, written by Mr. Fawcett, who has attained some eminence as a writer on that subject in the mother country. He says in speaking of an income-tax:—

It should, moreover, be borne in mind that the strongest theoretical argument which can be urged against the income-tax, is based upon the fact that it is imposed upon savings. The man who has £10,000 a year, and spends the whole of his income, only pays the tax once; but the man who has an equal income, and only spends a portion of it, pays in the first instance the same amount to the tax, and is also each year compelled to pay the tax upon the income which is derived from the investment of the amount which he has saved from his annual income. The income-tax, therefore, to a certain degree, encourages spending, and discourages saving. This, as we have already said, is a matter of little consequence in a country like our own, where the desire to accumulate wealth is so strong, and consequently the amount of capital which is annually saved is so vast. But in India the accumulation of capital is so vitally important that the income tax, because it discourages the accumulation of capital, is one of the worst taxes that can be imposed in that country. It therefore follows that, as far as even England is concerned, the most serious objection which can be urged against the tax is greatly strengthened if it should be so graduated that the tax is increased in proportion to the amount which an individual saves.

Mr. Mill takes precisely the same objection. He strongly urges that taxation should not go upon income but upon expenditure, arguing that expenditure is the best test of a man's ability to pay, as he regulates his expenditure according to his circumstances. Mr. Fawcett goes on to say:—

The following well-known instance was quoted by Mr. Gladstone in one of his Budget speeches. A particular street in London was, during a certain period, closed for traffic in consequence of improvements which were in the course of being carried out. The business of the various tradesmen who lived in the street was prejudicially affected, and they consequently claimed compensation. The amount of compensation which each individual received was apportioned to the net income which he derived from his business. All the tradesmen, consequently, made a return of their incomes. Some one thinking that these returns were excessive, had the curiosity to compare them with the amount of the incomes which these tradesmen returned for the assessment of the income-tax. The extraordinary, and it may be added, the melancholy fact was revealed, that the tradesmen living in a respectable London street could practise so much deception that for the purpose of assessing the income-tax they declared their incomes to be a certain amount, and immediately declared

that their incomes were double this amount when pressing their claims for compensation. It is, therefore, evident that as long as such duplicity is prevalent, many will evade a part of the income-tax which they are bound to pay to the Government. Hence the tax operates with a certain degree of unfairness, because certain classes of the community have a chance of evading the tax, whereas others have not.

The following was Mr. Gladstone's opinion on the income tax in the year 1861 :—"I must confess that I think that it is a hard imposition. I should like very much to be the man who could abolish the income tax. I do not abandon altogether the hope that the time may come when that can be done without inconvenience." Well, then, having considered these two questions—whether it is desirable to have a property and an income tax,—and having, after mature deliberation, arrived at the conclusion that neither of them is practicable or desirable in this country, I determined to frame a scheme embacing both direct and indirect taxation, which, if adopted for a period of two years, will extricate us from our difficulties. In proposing this scheme I may state that there is nothing at all new in it; for it is one that is already in successful operation in many countries, one of which is often held up as an example to us—I allude to the United States. I will at once proceed to state, that I propose to go to the Customs for a very large amount of revenue. And in having recourse to the Customs for that revenue, I shall do so in such a way as will not fetter the operations of trade, as will restrict commerce as little as possible, and as will, I believe, cast no great additional burdens on the people. First, I intend to propose to the House to equalise the duties on spirits. I believe the principle is admitted that we should get as much taxation from spirits as possible with a due regard to the prevention of illicit distillation; that is, we should go to the point at which the raising of the largest amount of revenue, and the prevention of distillation meet. Nearly all the colonies have the same duties on spirits, and I have before me a comparative table showing the position of this Colony with regard to the other Colonies in respect to their tariffs. In proposing, therefore, the alteration that I am about to propose, I am endeavouring to assimilate our tariff as nearly as possible to that of the other colonies, looking forward, as I do, to the adoption, at no distant date, of a Customs Union amongst the different colonies. I believe that such an assimilation will be an important step towards so desirable an object. Our revenue suffers very seriously from the low duty chargeable on what is called white spirit, which is used for adulterating brandy. This spirit pays only 7s. per gallon; but it is used in adulterating brandy by the trader who gets all the extra advantage of the difference of duty which the State ought to get. Under these circumstances I can hardly conceive any objection to this proposition, more particularly as it has been proposed by nearly every Government in power. I propose that rum, whisky, perfumed and other spirits (excepting brandy gin, and liqueurs), should be increased from 7s. and 20 per cent. to 10s. It will be seen by the comparative table of the tariffs, just laid on the table, that the same rates exist in Victoria and Queensland. I expect to get from this equalization of the duties on spirits £30,000. From whisky, perfumed, and other spirits, I expect to get £4,710, making a total of £34,710. Then there is wine, which may surely be considered a luxury, and bear the maximum tax. I propose to make the duty on wine 3s. per gallon, instead of 2s. and 20 per cent.—which will be the same as in Victoria. From this increased duty I expect to obtain £6,500. I propose to raise the duty on beer from 1d. in wood and 2d. in bottle and 20 per cent. to 6d., the same rate as in Victoria. I do not propose to repeal the package duty at present, but if I remain in office I would allow it to die out, unless some change should come over the spirit of my dream. The duty on bottled beer will be 6d. Thus, in consideration of the packing, bottled beer would pay a little more than beer in cask, but as bottled beer is consumed by classes in a better position than those who drink draught beer, I shall leave that as it is. From the increased duty on beer in wood and bottle, I expect to obtain £25,100. I am also about to propose a change in the duty on sugar, but I am not going to touch the poor man's sugar—the low class sugars.

Mr. WILSON: Those are the squatters' sugars.

Mr. SAMUEL: I do not think the squatters will escape the classification I am going to propose. [The hon. Treasurer here produced a number of samples of sugar showing the different kinds included in the five classifications which in England paid the respective duties of 12s. 10d., 11s. 8d., 10s. 6d., 9s. 4d., and 8s. 2d.] I propose three classifications of sugar in Sydney. First that refined sugar, which now pays 6s. 8d., should pay 10s.; next that unrefined sugar should pay 7s. 6d., and other sugars 5s. A Board will be appointed by the Government to define the standard, and according to the classification by that standard will be the duty. The principle embodied in this proposition will, I think, be admitted to be a correct one, and no one certainly can charge me with desiring to oppress the poor man, because I seek to make the rich man pay something more.

Mr. PIDDINGTON: A protective duty on refined sugar.

Mr. SAMUEL: No; on all sugar whether refined in the colony or out of it. There will be no protection; my hon. friend will not catch me at protection.

Mr. PIDDINGTON: It looks very much like it.

Mr. SAMUEL: If the excise duty is 5s., and the import duty is 5s?

Mr. PIDDINGTON: There is no discriminating duty.

Mr. SAMUEL: And if no discriminating duty, there is no protection. My hon. friend will take care, no doubt, that the Colonial manufacturer does not benefit. I, too, will take care that there is no protection if I have anything to do with it. I expect to get £20,000 from this alteration in the duty on sugar. I also propose to increase the duty on opium to 20s., the same as in Victoria. I omitted to state that I intend to do a little more for the poor man. I intend to decrease the duty on treacle. I find that treacle is much used, particularly in dry seasons, and I propose to reduce the duty from 3s. 4d. to 2s. 6d. I do not think this will decrease the revenue, because I believe the article will be more largely consumed. This, however, is a matter upon which I do not lay much stress—it was suggested to me, and I adopted the suggestion. From the increased duty on opium I expect to obtain £5,000. Upon tobacco, in leaf, I propose to increase the duty from 1s. to 1s. 6d., and I expect to obtain from this source £5,000. I also propose to put a duty of 10s. per cwt. upon dried fruits. I find that 26,000 cwt. of dried fruits were imported last year, and from this duty I expect to obtain at least £10,000. I propose a duty of 2d. per lb. on hops, and expect to obtain from it £3,400. I propose also a duty of 6d. per bushel on malt, from which I expect to obtain £1,450. Then I want 40s. a ton upon rice, from which I expect to obtain £13,000. I now come to a proposition which will no doubt be considered of a very debatable character, and it is one which I would not make—having regard to the feeling there is on the question—under any other circumstances than the pressing necessities of the State. The necessities of the country, however, demand that we should have money. I am about, therefore, to propose a double duty on tea, and I hope this matter will be discussed with the same feelings that I have introduced it. The views I take may be erroneous, but I do not think they are. I believe the course I am taking is a correct one. You must go to a source from which you can get revenue. I have no doubt we shall be told that we should go to articles of luxury for our taxes. But take all the articles of luxury imported, and see what you will get. If you want to get at articles of luxury you must impose an *ad valorem* duty; but if you go to *ad valorem* duties you destroy the trade between these Colonies; and our intercolonial export trade amounts to nearly £4,000,000. Besides that, let hon. Members look at the small amount which would be imposed upon any individual or family by the increased tax I propose. I expect to obtain from the increased duty on tea £44,000. I hope that hon. Members will look at the state of the country, and consider well the necessities of the State. I would ask if any Chancellor of the Exchequer ever went down to the British Parliament and told them the necessities of the State (whether he asked for an income tax of 1s., or 3s. per lb. upon tea), without the

necessities of the State being considered by the House of Commons of far greater consequence than any small sacrifice the people might be called on to make?

Mr. BUCHANAN: They never consented to do an injustice.

Mr. WILSON: Why did the hon. Treasurer not apply the same argument before?

Mr. SAMUEL: I have always held this opinion. I voted for every item in the tariff proposed by the hon. Member opposite, excepting those of a protectionist character. The necessities of the State do not require protective duties. Protective duties will not give us revenue. Hon. Members talk of this tax as being unjust, but let us hear what M'Culloch says. In his work on taxation he observes:—

> Sugar and tea are to be regarded in this country partly as necessaries and partly as luxuries, though, perhaps, they belong more to the former than to the latter class. But supposing the duties on them to be reasonable in amount, and properly assessed, they would appear to be, in most respects, unexceptionable.

In England the duty on tea was 1s. 5d.; it was then reduced to 1s., and more recently it has been still further reduced to 6d. Are we not as well able to bear a duty of 6d. in this country as the people of England? (MR. WILSON: No.) The hon. Member knows well we can. I believe he is not speaking sincerely. Is it possible any one can affirm that we cannot bear this sum as well as people can in England, where it is now double what it is here? ("No.") An hon. Member says no; but it is impossible that I can answer all these denials. I therefore affirm again that the duty on sugar in England is double what it is here—that is to say, on the sugar principally used by the working classes. For instance, the sugar upon which I propose a duty of 5s. 6d. is charged in England 10s. 6d. (MR. PIDDINGTON: But how about that on which you charge 10s.?) That is refined loaf; and surely the hon. Member will not say that the man who can afford to use refined loaf sugar cannot afford to pay the same duty as in England. However, I have now submitted the whole of my propositions relating to Customs, and by them I anticipate getting £168,000. Whilst asking for these duties, I quite admit that the taxation will fall upon the consumers throughout the country, as indeed do all taxes levied through the Custom House. In support of the views I have now expounded on the subject of these duties, I would refer hon. Members to the speech of Mr. Galt, the Finance Minister of Canada, who has a wide reputation, and is, perhaps, one of the most eminent financiers out of England. When that gentleman made his financial statement in 1862, he found the country in much about the same position as I now find this colony to be in. He had very great difficulties indeed to contend with, Canada being then in a most embarrassed position. Mr. Galt had always been a firm and consistent advocate for protection and for increased protective duties, and speaking in the way he does, I would particularly call the attention of hon. Members who are protectionists to this quotation as bearing upon the matter with which we have to do. Mr. Galt says:—

> It is not by tampering with or increasing the duties on a great variety of small articles that we are likely to secure the object of creating a large revenue. If our wants are great we must undoubtedly approach those articles that enter largely into the general consumption of the people. There is no way by which we are so sure of obtaining the amount we require. I therefore believe it will be necessary, in addition to the duties on spirits and beer, to apply to the leading articles of consumption of the whole people, in order to sustain our revenue and prevent the great falling off that has already taken place. Now I believe it will be found that the articles of tea and sugar are those which are the readiest in the amount consumed in the country, the most generally consumed, not very high in price, and the levying of a duty on which is the easiest and least objectionable income tax that could be imposed.

Now I believe it will be found that Mr. Galt is perfectly correct in these ideas, and, being a protectionist, the remarks came all the more forcibly from him. He continues:—

> If it were necessary to apply these taxes personally, it might be objectionable; but it must be borne in mind that we are precisely in the position of the people who have to impose war taxes. We are suffering in many respects the disadvantages and evils of war, though we are free from its miseries and horrors.

Now we are in much about the same position as the people of Canada were in at that time. They were not raising a war tax, but they had to provide a

defence fund for the security of their frontier: and as we have to provide for public works, their necessities were much the same as ours. This then is the way Mr. Galt spoke of the absolute necessity of levying duties on these articles. Notwithstanding that he held protectionist principles, he felt that the necessities of the time demanded something more from him than the mere carrying out of a principle, so throwing aside his protectionist doctrines as unsuited to the time, he proposed these duties. I will next call the attention of hon. Members who are protectionists, to another quotation from this speech, only premising that Canada is a protective country, and that protectionist principles have reigned rampant there for years:—

As I said before, it is my duty to recommend additional taxation upon the several leading articles which enter into general consumption—tea, sugar, coffee, &c. I now have to state that I think the time has arrived when, taking advantage of the new taxation imposed across the line, we may re-consider the general rate of Customs duties on manufactured goods imported into this country; and I think we may now very properly endeavour to cheapen them to the general consumer. If on the one hand I recommend an increase of certain duties, on the other I recommend a reduction. I think, in fact, that it is absolutely necessary this reduction should be made, because I find from the experience of past years that, as the duty has been augmented, the consumption has diminished. I may mention the case of one article as particularly illustrative of the fact I have mentioned—it is that of leather. In that article the importations ran up from 185,000 dollars in value in 1852, to 514,000 in 1857—the duty having been in the previous year 14 and in that year 15 per cent. It was then increased, and now bears a duty of 20 per cent.—so that instead of 514,000 dollars worth being imported as in 1857, the value of last year was only 281,000 dollars, and we absolutely suffered a considerable loss to the revenue. Then, again, the same is the case with manufactured goods, such as boots and shoes. In 1852 the importations of these articles reached 230,000 dollars, and, in 1855, 765,000 dollars. The duty was then increased, and is now 22 per cent.; and the importations decreased in the same ratio, till last year they were only 280,000 dollars. In these cases, I take it—the figures most conclusively show that not only have we lost in duty, but have compelled the people to pay a higher price than before for articles of prime necessity. But it is not so much to the effect upon the revenue that I would draw attention as to the fact that we have now an opportunity of selecting the articles—of distributing the revenue—and I think it is desirable to reinvigorate our trade by reducing the duty on foreign goods.

That was the result of Mr. Galt's experience in Canada; and I think we require nothing more to show the fairness and justice of the proposition I have now submitted. I was interrupted before in what I was going to say with reference to the Customs duties falling upon the consumer. Whilst I think it right that every portion of the community should bear a fair share of the public burdens, and that every man who has a voice in the government of the country should contribute to its taxation, I have no wish that the burdens should be unequally distributed. While therefore I put this increased duty on tea upon those whom I may for the purpose call the employed, I put an additional duty upon the rest of the community, whom for the purpose I may designate the employers, by imposing upon every one in business an annual license fee. Now this is not an offensive tax. We must have revenue, and in order to make all classes of the community bear their share of the burden, I propose this. I admit that up to this time the burden of taxation has been very unequally distributed, and to remedy this evil I submit this proposition of an annual license fee. I do not expect that hon. Members will be able to arrive immediately at a judgment upon such a proposal as this. It has taken me a long time to mature this scheme, though it did not originate with me. The idea is not my own. It was furnished to me, but in so crude a shape that I had some trouble in putting it into such a form as would, in my opinion, be practicable. I find that I have omitted a very important item amongst the changes that I propose to make in the tariff. Hon. Members will, perhaps, pardon me for going back to the tariff in order to deal with it, as the omission, no doubt, arose from the many interruptions by which I have been met, and by which I have been carried away from the regular sequence of items. I propose to increase the duty on imported leaf tobacco 6d. per lb. Hitherto it has been 1s. per lb., whilst manufactured tobacco paid a duty of 2s. per lb. Now, I will show the House the effect that this difference of duty between imported manufactured and unmanufactured tobacco, has had. It has been a matter of consideration with me whether I ought not to ask

the House to equalize these duties; and I think hon. Members will agree with me when I show them how very materially the revenue has suffered. The necessity for this increase may be seen from the fact that we have lost something like £50,000 of revenue by this reduction of 1s. per lb. on imported leaf tobacco; and this has been solely for the benefit of our manufacturers, whilst consumers have had an inferior article forced upon them. In 1859 the duty on imported tobacco was £91,956. In 1860 it was £89,217. In 1861 it was £89,364. In 1862 Mr. Weekes proposed to take 1s. per lb. off imported leaf tobacco. That year the duty on leaf tobacco was £3,135, and on manufactured £70,000. In 1863 the duty on manufactured tobacco was £65,000, and on leaf £7,000. In 1864 the duty on manufactured tobacco fell to £66,418, whilst on leaf it was £11,650, or in all £68,048. So that in 1859, with a population much less than in 1864, the tobacco duty realised £91,000, whilst in 1864 it realised only £68,000, or nearly £40,000 less. Hon. Members will hardly believe that the stock of manufactured tobacco in bond at the present moment would yield a duty to the Crown of fully £100,000; and yet this large amount of tobacco would inevitably be forfeited if the present rate of protective duty on the leaf were continued. The differential duty is an enormous protection, and one that ought never to have been sanctioned. Besides this, it has operated against the Colonial producer, for the Colonial leaf tobacco has no chance against the imported leaf with this very low duty, and is not consequently placed on a fair footing. At present the stock of tobacco on hand is 1,064,384 lbs., and there is very little being taken out of bond; the revenue is consequently suffering very severely upon this item. Now I propose to leave the manufacturers a difference of 6d. between the duty on leaf and manufactured tobacco; and had it not been that I thought it would have been hard on them to have at once equalized the duty, I would have proposed to make the duty alike on all imported tobacco. As this, however, might have looked like oppression I have taken a middle course, and proposed an additional 6d. per lb. only. This will give an addition of about £5,000 to the revenue as I estimate it. It will probably be more than that, but it is impossible to estimate correctly the duty for the first year, but next year it will in all probability give an increase of double that amount. The licenses I have mentioned I propose to have levied annually. I will now read to the House a list of the licenses proposed.

Upon every banking company an annual license of £100, and an additional annual license of £10 for each branch establishment or banking agency of such company within the Colony.

Upon every public company, not being a banking company, and whether incorporated or not, which shall transact business either (1) at the chief establishment or head office in the Colony, in the case of a company established and managed within the Colony; or (2) at any branch office or agency in the Colony, in the case of a company whose head offices and directorate are not within the Colony, an annual license of £100, and an additional annual sum of £1 for every clerk, and of 2s. 6d. for every other person in the employment of such company.

Upon every unincorporated company of underwriters, an annual license of £50, and an additional annual sum of £1 for every clerk employed.

Upon every club and society which shall retail spirituous and fermented liquors to its members or others, an annual license of £30, and an additional annual sum of £1 for every person employed.

Upon every mining company, except such as shall be established upon co-operative principles, an annual license of £5, and an additional annual sum of £1 for every clerk, and of 2s. 6d. for every servant or other person employed.

Upon every master or commander of any packet, boat, or other vessel employed for the carriage or conveyance of passengers, engaged in the coasting or intercolonial trade, in which packet, boat, or vessel wine, beer, spirits, or tobacco, are retailed, an annual license of £5.

In this Colony, vessels on board of which spirits are retailed have been exempt from paying a license, but now I propose to charge them an annual license fee of £5. I will now explain what I propose to do with class B.

That, towards raising the Supply granted to her Majesty, there shall be charged an annual license of £5 upon every person practising or engaged in business as an—actuary, architect, attorney and solicitor, barrister, brewer, broker, civil engineer, conveyancer, dentist, distiller, engineer, engine maker, general commission agent, house agent, ironfounder, land agent, land surveyor, lessee of a theatre—or circus, merchant, miller, oculist, physician, share-broker, stock and station agent, surgeon, sugar refiner, wholesale trader, wholesale and retail trader, and an additional annual sum of £1 for every pupil, articled

clerk, apprentice, and paid clerk, or paid professional assistant employed. And such annual license of £5 shall be paid by each and every partner of a firm, as well as by each several individual engaged as a principal in any of the aforesaid professions, trades, or occupations: Provided, however, that where one person shall be liable under any two or more of the above denominations, he shall only be chargeable in respect of one.

I propose to charge a license of £5 to those who engaged in first-class occupations, and who are supposed to do a good business. Then I propose to charge £2 to every employer of labour, and an additional sum of 2s. 6d. for every person in their employment, as follows:—

That, towards raising the Supply granted to her Majesty, there shall be charged annual licenses of £2, and an additional annual sum of two shillings and sixpence for every person in their employment, except such as may be engaged temporarily as shearers, sheep washers, reapers, or otherwise by the piece, job, or tale—upon all persons engaged in agricultural or pastoral occupations, as squatters, graziers, farmers, or otherwise. And the provisions with respect to partners and the limitation of liability to one denomination shall be the same as in the next preceding resolution (B).

That, towards raising the Supply granted to her Majesty, there shall be charged annual licenses of £2, and an additional annual sum of two shillings and sixpence for every person in their employment—upon all persons not being liable under any denomination in any of the foregoing resolutions who shall be engaged in any trade, business, or occupation whatsoever, except such as shall be liable in respect thereof to pay some annual license to the Government, the council of any municipality, or the Corporation of the City of Sydney.

Then, there will be a number of persons out of business, who could not be reached by these resolutions, and I propose to charge them £1 for every servant they employ. I do not think it will be considered a heavy tax, for if a person can afford to keep servants he can afford to pay the tax, which I propose as follows:—

That, towards raising the Supply granted to her Majesty, there shall be charged an annual license of £1, payable for every hired servant in their employment. Upon all persons not liable under any denomination in any of the foregoing resolutions. Exemptions; Members of the Civil Service, and all other persons, in receipt of salaries not exceeding £200 per annum; officers and soldiers of her Majesty's army and navy on active service; editors of public journals, and newspaper reporters; master mariners, and seafaring men; journeyman artisans, labourers, and others in receipt of wages paid by an employer; midwives; itinerant fishmongers, musicians, and vendors of fruit or vegetables; fishermen; confinees in any gaol, prison, or lunatic asylum, during confinement.

It will be seen that those persons who are receiving salaries not exceeding £200 per annum are exempt; there are certain other persons exempt. This kind of tax has been in operation a number of years in various countries in Europe, including Florence, Venice, Prussia, Austria, Spain, Russia, and France. It was introduced into France in 1791, and in 1803 it produced 19,000,000 francs. In 1847 it produced 48,000,000 francs, and now it produces an annual revenue of 60,000,000 francs. It was also in operation in the United States of America upon a similar scale to that which I now propose. Nearly every person in that country has to pay a tax direct to the general revenue. I propose to collect the tax in this way: Every one shall be bound to pay the tax to an officer of the Government, and shall be allowed three months to pay it in, at the end of which time they will be waited upon by the officers, who, ought to know as nearly as possible those liable to pay the tax. In default of payment at the proper time there will be a considerable penalty inflicted. These are the propositions which I shall presently submit in the shape of resolutions; but before I do that I desire to say something more about our debt. It now amounts to something like £8,000,000, and I think the time has come when we ought to make provision for its extinction by a sinking fund. Nearly every country that has a public debt, except Victoria, is doing this, and I will point out what its operation would have been if we had adopted it last session. Last year we determined upon paying off £100,000 of debentures every year. If we had issued debentures as a permanent loan, for fifty years, and made it compulsory upon the Government to set aside £100,000 every year, to be invested by trustees for the benefit of the public creditor, this £100,000 per annum would, at the end of ten years, at 5 per cent. interest, amount to £1,325,326. This sum, invested at the same rate of interest, would amount in forty years, to £9,562,840. Thus in fifty years we could annihilate a much larger debt than ours. There are two parties interested in negotiating loans—the

Government who desire to borrow, and the money-lenders who desire to lend, but who require to know the terms which the Government are prepared to offer. Hitherto we have gone on borrowing without putting aside any surplus revenue to meet our debentures as they fall due, and hence there is but little demand for these securities. It may be that I have not referred to many matters upon which hon. Members desire information, but, if so, I shall be very glad to give them any further information in my power. I will now lay upon the table a statement showing what our position would be with the proposed additional taxation. I have to thank hon. Members for the kind attention they have given me; and I trust they will not consider the resolutions, about to be submitted, in a party spirit, but with a view to the interests of the country. I feel confident that, if the propositions to be submitted are adopted, they will have the effect of extricating us from our financial difficulties. I will conclude in the words of Mr. Gladstone, used upon a similar occasion to the present in 1863, which were as follows:—"In proposing such measures we feel ourselves to be impregnable against all petty taunts and intemperate reproaches; and we commend them with confidence to the justice, the equity, the courage, and the wisdom of this House." With these observations I beg to propose all the resolutions, in order to take the discussion upon them as a whole.

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE CHARLES COWPER, Colonial Secretary, made 20th December, 1865, on the resignation of the HONORABLE SAUL SAMUEL, Colonial Treasurer.

[*From the Sydney Morning Herald of* 21*st December*, 1865.]

LEGISLATIVE ASSEMBLY.

Wednesday, 20*th December*, 1865.

FINANCIAL STATEMENT.

MR. COWPER said: I shall now proceed to state to the Committee as clearly and as briefly as I can the revenue which will be necessary to meet the requirements of the Public Service, and after the resolution which has been already arrived at in Committee it will perhaps be desirable I should at once ask the attention of Hon. Members to the balances which were brought forward in the statement of my hon. friend Mr. Samuel, and the altered state in which those balances will now appear. In the statement of the Consolidated Revenue Fund, No. 4, laid on the table of the House by my hon. friend, the estimated surplus there brought down to the 31st December was, £47,670 13s. 5d. He also carried that balance into the account of estimated revenue and expenditure for 1866, by which he showed the possibility of having at the end of next year a balance of £241,784 13s. 5d. But while under certain circumstances we may assume still the possibility of a balance of £47,670 13s. 5d. at the end of the present year, we must take a different estimate of the subsequent revenue and expenditure in consequence partly of the vote of this House to address His Excellency to place further sums on the Estimates, and partly in consequence of the refusal of the Committee to sanction all the proposals of my hon. friend to raise taxation. I take the balance of £47,670 13s. 5d., shewn in the account marked No. 4, and credit it to the account for 1866. We estimate the new taxation already passed on the motion of my hon. friend at about £97,000. My hon. friend desired to economise as much as possible, and we also desired to introduce a system of municipalities. It was proposed to take off the road votes for the ensuing year, and the Government abstained up to a certain time from spending money upon the minor roads. We shall therefore have to add to our estimated expenditure—supposing the House insists on the minor roads being provided for, as usual—£55,918 for roads for the present year; and for roads in 1866, £96,968, making a total of £152,886. From this, however, is to be deducted the sum of £50,000, placed on the Estimates of 1866 to encourage municipalities, and this would leave a balance of £102,886 to be provided for. The first mode in which the Government propose to meet the present exigency will be by considering on what expenditure reductions can be effected. The House having expressed a decided opinion in favour of retrenchment the Government will be encouraged to take into consideration the various estimates which have been prepared, to see how far a rigid economy can be introduced into them. I have no doubt we shall meet with opposition in almost every quarter. It will be a very difficult task. I am not

quite sure that the Government themselves, after having submitted to a vast amount of odium, will not be blamed for the proposal. We cannot, however, shut our eyes to the fact that for years past the expenditure in many instances has been forced upon the Government by the representatives of the various constituencies. My hon. friend (Mr. Samuel) asked for taxation to the extent of £243,160, and the House gave him out of that about £96,000, which leaves a considerable deficiency to be provided for. I hope we shall be able to make reductions to the extent of £100,000. It is a difficult thing, however, to see in what direction that reduction shall take place. I know there is a general impression that the police is unnecessarily expensive. No doubt we have to provide for the protection of life and property over a vast expanse of country, and have all over that country persons constantly requiring the services of the police. In fact, it is impossible for us to comply with these demands, and we are constantly offending persons by refusing their requests on the ground that to add to the expense of the police is not palatable to the House when it comes to vote the money, nor is it palatable to the country generally; but I think hon. members will be hardly prepared to hear that the expense of the police in New South Wales is less this year than it was in 1855. While we take a retrospect of the colony—bearing in mind what it was in 1855—it is well for Hon. Members to know that the Police expenditure is less now than in the year first mentioned. Before the House prorogued last occasion I caused some returns to be prepared upon this subject. These statistics were laid on the table of the Assembly in June last, and printed by order of the House. I have made reference to them, because in considering this question of expenditure, hon. Members will have to consider what prospect there is of any promise the Government may make on this subject, being complied with. I find that the expenditure for police in the year 1855 was £168,774, and for the year 1865 I find it will be £152,325. I mean the police irrespective of police magistrates, of petty sessions, and that part of the police called judicial. These sums represent the expense of the executive police only. It shows a reduction between 1855 and 1865 to the extent of £16,449. I would also draw attention to the fact that, during the last few years, considerable reductions have taken place in connection with these services. The Government felt that if the bushrangers were put down, or nearly put down, that economy to some extent might be introduced. I therefore find that while the expenditure voted for 1864 was £172,881, in 1865 it was only £152,325, being a decrease of £20,556. The sum proposed for next year is £149,262, being a further reduction of £3,063, making a total reduction of £23,619 in the years 1865 and 1866. Not only has there been a reduction in the police expenditure, but I would also like to inform the House that this will not be at the expense of the peace and security of the interior during these years. The stations have increased from 161 in 1855, to 241 in 1865, showing a total increase of 80, and those stations are scattered all over the interior. These demands for police have been made by the residents of those districts. I am not prepared to say that further reductions might not be made in some of the larger depots, which are kept up to meet the requirements of certain districts. We reduced the number of men last year by about a hundred. I have already been in communication with the Inspector-General of Police in reference to the matter. I requested him to direct his attention to the state of the force and to see where any possible reduction could be made. As is usually the case he protests against any reduction; but I can only say, that I shall not allow any remonstrance on the part of officers of the Government, to interfere with such reductions as can possibly be made with advantage. With a view to this end, I have had under consideration for some months past the number of police magistrates and gold commissioners throughout the colony. There is a difficulty in dealing with this question, because this House has generally been in favour of the appointment of police magistrates, and has almost invariably supported votes in their favour. The late Government proposed to increase the number by seven, and I think salaries were put upon the Estimates for them.

It was proposed to appoint police magistrates for Parramatta and Windsor, and other places, where I do not think they are at all necessary. To show my own idea of this matter, I will read a memorandum which I addressed to my hon. colleague the Secretary for Lands, on the 12th July last, relating to this subject. I desired to confer with him in order to see whether a police magistrate might not be dispensed with in one district and a gold commissioner in another, and whether in some instances, one officer could not be appointed to do the work of two or three. I did not think much of the arrangement of the hon. Member opposite, who proposed to charge a portion of the salary to the gold fund and a portion to the police fund.

Mr. WILSON: I intended to do away with all the gold commissioners.

Mr. COWPER: I think, in some cases, they can be done away with, but I am not familiar with that particular department. I am quite satisfied, however, that between the police and the gold commissioners a considerable reduction may be made. This is the memorandum which I addressed to my hon. friend, and which was under his consideration when he left office:—

12th July, 1865.

Memorandum.

MY attention has for some time been directed to the prodigal expenditure which it must be admitted is going on in respect to police magistrates and gold commissioners, more particularly in the Southern and South-western districts. And I shall be glad to fall in, so far as I can possibly do so, with the views of the Secretary for Lands in respect to such reductions as may be, after conference, considered expedient.

There are in the districts to which I allude police magistrates at—Gundagai, A. C. S. Rose; Tumut, — Vyner; Young, J. E. Pearce; Forbes, William Farrand. Besides police magistrates at Goulburn and Wagga Wagga.

There are also gold commissioners at Gundagai (or near), G. O'M. Clarke; Tumut (or near), R. B. Lynch and Fitzsimons; Young, Shadforth; Forbes, Browne and King.

All these officials do not seem to me to be necessary. For instance at Forbes, two gold commissioners and a police magistrate cannot be required. So at Gundagai, a police magistrate and a gold commissioner cannot both be wanted. Then at Tumut, Adelong, and Tumberumba, two gold commissioners and a police magistrate cannot all be wanted. No doubt, although there is at present a collapse at the various gold-fields, there *may* be a *sudden* rush again, but we have now waited a long time for this possibility, and I think a rearrangement or redistribution of officials, if not a reduction, ought to take place.

C.C.

P.S.—Similar observations may perhaps apply to other districts. The whole question requires consideration, especially as the gold-fields are yielding so little, and crime is now comparatively put down. C.C.

In consequence of recent discussions, and my attention having been perphaps more distinctly drawn to the matter by the Hon. Secretary for Lands, I, on the 16th of this month, caused the following letter to be addressed to the Auditor General, Captain M'Lerie, and Mr. M'Lean. Captain M'Lerie is well acquainted with the police, and Mr. M'Lean has been for many years the head of the Gold Department. These three gentlemen were to form a Board, and see how far they could arrive at some reductions:—

Colonial Secretary's Office, Sydney,
16 December, 1865.

Sir,—I am directed by the Colonial Secretary to request that you will have the goodness to meet the Inspector-General of Police and the Sheriff, for the purpose of forming a Board to consider the question raised in the accompanying minute, which he addressed to the Secretary for Lands in July last.

2. From the knowledge which you have of the public service generally—which Captain M'Lerie has of the Police Magistrates, and Mr. Harold M'Lean of the Gold Commissioners,—the Colonial Secretary trusts he may be favoured with such suggestions as will assist him in making reductions in the number of gentlemen employed either as Police Magistrates or Gold Commissioners, without at all impairing the efficiency of these departments.

3. If upon a careful consideration of all the circumstances of the respective districts by redistributing the officers throughout them, it shall be evident that the number of officials can be reduced, it will rest with the Government to determine how these gentlemen whom it may be thought the Government service can best spare, may be dealt with, and any claims they may have for other employment or for compensation be satisfied.

I have, &c.,
W. OWEN.

The Auditor General.

That Board met a few days ago, and I believe they are all but prepared with their report. I hope in that report to receive suggestions which will facilitate considerable reductions in this particular branch of the Public Service. I know that many hon. gentlemen are in favour of the appointment of police magistrates. I think the hon. member for the Hastings (Mr. Forster) is one of those, but I have

long been of opinion that the gentlemen of the interior ought to do their magisterial business themselves. Certainly if we are to continue our present system of police, with an executive officer in charge, I cannot think police magistrates are also necessary. In this direction, therefore, we may hope for a considerable reduction—possibly to the extent of £20,000. Some hon. members think a reduction of £50,000 may be effected. If this House is deliberately of opinion that the number of police scattered throughout the colony is greater than it ought to be (and they have ample information on the subject in the return laid on the table), the Government will, of course, feel themselves to a great extent relieved from responsibility if the House consents to make reductions in particular directions. In conversation with the Inspector-General this morning, he alluded to the application for police at Belubula, on the ground that public-houses had been established there. The Inspector-General said that this ought not to be a sufficient reason—that they ought not to license public-houses, and then at once apply for police to look after the drunkards. He said it acted in an improper way, and I was struck with the remark. Bathurst and Goulburn, where we have Circuit Courts, and Deniliquin, where they are about to be established, all claim police on this account, but the extent of territory renders it burdensome to have police scattered all over the colony, and the high rate of wages makes it expensive. If we cannot reduce the rate of pay we must reduce the numbers. The item of forage is one causing great expense, and it is one difficult to deal with. I had a note the other day from a friend of mine in the interior, speaking of a chase after the bushrangers in the district of Bourke. He complained of the condition of the horses of the police and the want of fodder; but it is impossible to get fodder for horses in those districts of the interior. It is impossible, in respect to horses, to put the police on a footing with the bushrangers. Captain Zouch borrowed five excellent horses from private individuals, and they, as well as the police horses, were knocked up. I was conversing with him about fodder a short time ago, and he stated plainly that there was no grass to be found for the horses in that locality. Under these circumstances the best horses in the world would soon be knocked up, and could not possibly cope with the horses of the bushrangers. It is generally supposed that a large reduction may take place in the Survey Department. It appears to me that there is a very large number of clerks in the Surveyor-General's Department in Sydney, but then the correspondence is enormous; I had no conception, until I went there, of the number of letters which pass through the office in the course of the year. And it is a department which the public expect to be kept up. Much of the work is of a scientific character, and requires renewal. Owing to that a good deal of expense is incurred. At the end of five years the charts all want renewing. So with regard to the operation of free selection and the measurement of numbers of small farms, there is no doubt great expenses are incurred. If the House keeps up free selection, farms must be measured. I merely mention this to show the difficulty there would be in cutting down departments unless the House is determined to support the Government in their endeavours to do it. If the House will determine to support the Government in making these reductions, the Government will undertake the work from a sense of duty, knowing well that they will not be able to carry it out without considerable dissatisfaction; and as to the particular mode of carrying it out in all its parts, I hope the House will not consider that I have made up my mind on the subject. I really have not had time during the last few days to consider it in all its bearings. I requested the Auditor-General to take into consideration a scheme which I know finds favour with hon. members—that there might be a reduction of the salaries of the public officers. I am quite sure the expectation of hon. members on this point will be very much disappointed. I will read a paper which has been drawn up by the Auditor-General at my request, showing a scheme of reduction beginning at 1 per cent. on small salaries, and going upwards on a graduated scale. This shows that salaries of £100 and under £200 are received by 1,700 officers. The total sum is £170,000, and a reduction of 1 per cent. would give a reduction of £1,700.

Salaries of £200 and under £300 are received by 331 persons. The total amount of these salaries is £66,200, and a reduction of 2 per cent. would be £1,324. Salaries of £300 and under £400 are received by 137 officers. The total amount is £41,100, and a reduction of 3 per cent. would be £1,233. Salaries of £400 and under £500 are received by seventy-nine officers; the total amount is £31,600, and a reduction of 4 per cent. would be £1,264. Salaries of £500 and under £600 are received by seventy-three persons; the total amount is £36,500 and a reduction of 5 per cent. would be £1,825. Salaries of £600 and under £700 are received by thirty-one persons; the total amount is £18,600, and a reduction of 6 per cent. would be £1,116. Salaries of £700 and under £800 are received by fifteen officers; the total amount is £10,500, and a reduction of 7 per cent. would be £735. Salaries of £800 and under £900 are received by ten officers; the total amount is £8,000, and a reduction of 8 per cent. would be £640. Salaries of £1,000 and under £1,100 are received by fifteen persons; the total amount is £15,000, and a reduction of 10 per cent. would be £1,500. Salaries of £1,100 and under £1,200 are received by two officers; the total amount is £2,200, and a reduction of 11 per cent. would be £242. Salaries of £1,200 and under £1,500 are received by two persons; the total amount is £2,400, and a reduction of 12 per cent. would be £288. Salaries of £1,500 and under £2,000 are received by five persons. The total amount is £7,500, and a reduction of 15 per cent. would be £1,125. Salaries of £2,000 and under £2,600 were received by four persons. The total amount was £8,000, and a reduction of 20 per cent. would be £1,600. There is one salary of £2,600, and a reduction of 20 per cent. on this would be £520. There was one salary of £7,000, a reduction of 20 per cent. on which would be £1,400. I may, however, state that several of these higher salaries are fixed by Act of Parliament, and I doubt whether this House can interfere with them. There were in all 2,409 officers, receiving salaries amounting to £429,900, and the total reductions according to this scale, which I think is a very fair one, would be £16,725. I give this as an approximation. I have no doubt that a good deal of distress would arise from making these reductions upon salaries of £400 a-year and under; but if we do not make it on those, and can only make it on the higher salaries, this scale of reduction would not give more than £10,000. Therefore, I think we can hardly expect a large amount of relief from a system of reduction by per-centage; the diminution must come in the reduction of the departments. I can only say that I shall be quite prepared to act myself with a firm determination to reduce the expense of the Public Service in any way in which it can be reduced consistently with efficiency. There is another direction in which, perhaps, we may get some relief. I was glad to hear this evening an allusion made to the management of our railways. I have long thought that we allowed passengers and goods to be conveyed at too cheap a rate. There is a difficulty with regard to the traffic, because we have carriers who will carry, if possible, goods at such a rate as to secure the traffic. Some consideration, therefore, must be had to this fact in fixing the rate for the conveyance of goods by rail. I was surprised to hear from the Traffic Manager the other day that there had been a reduction of £500 a-week for the last three weeks as compared with the receipts in the corresponding weeks of last year. It may be on account of the wool not coming down. Last year we had 2,000 bales from one place, and this year we have hardly any. I think, too, that persons travelling by rail should pay more than they now do. The excursion-ticket is, I think, a mistake. I think it can be proved by figures that it does not benefit the railway at all, because many people postpone their travelling until the days when excursion tickets are issued. The subject is one which well deserves consideration. It was considered by my honorable friend who preceded the present holder of the office of Minister for Works, and it is now being considered by us. We are under the impression that by raising the passenger fares we can increase the income from the Railway Department about £25,000 a-year, and if we can do

that it will be acknowledged to be a step in the right direction. We had under consideration also the subject of raising the postage on letters. There is an idea that twopence is too little for carrying a letter all over this vast territory. We are losing £40,000 a-year by the Postal Department. It seems almost unreasonable that, under these circumstances, we should carry letters at so low a rate, but still I should look upon raising the postage on letters as rather a retrograde movement. I would prefer to increase the tea and sugar duties. There are persons who favour the idea that we ought to have a graduated scale varying according to distance, but if we did this we should be abolishing here the uniform rule which is considered in England a great reform, and I doubt whether the alteration would pass into law. I draw attention to these circumstances to show that if we are to construct railways and pay £370,000 a-year interest without any adequate receipts; if our Postal Department involves us in a loss of £40,000 a-year; if we are to carry electric telegraphs all over the colony which do not pay quite so well as we have been led to suppose; and if we cannot make any large reduction in the Public Service, we must have some additional taxation. We have made a proposal this year in one direction which has not met with the favour of the House. I confess that, after considering the reductions which may be made, the next step the Government ought to consider is how property can be made to pay something more to the State. I wish the House to understand that I desire reduction and retrenchment, and then the consideration of a measure with reference to property: whether it take the shape of an income tax or a property tax, it ought to be well considered before we mature the plan. But having taken these steps to increase the revenue of the colony so far as we can, there will still remain a deficit of considerable amount. I quite agree with those honorable Members, who think we ought to raise a sufficient sum to satisfy the public creditor, that we are not desirous of repudiating our engagements. I should be glad to pass a measure this night, so that the intimation may reach England by the outgoing mail, that the Assembly is not amenable to the charge of desiring to repudiate, but is even willing to adopt a scheme, of which it does not altogether approve, rather than that the public creditor should, for a moment, entertain the idea that the securities of the colony are not such as would justify any capitalist in lending money upon them. While I am speaking of our expenditure, I would draw the attention of the Committee to a document which has been placed in my hands by my honorable friend the late Colonial Treasurer, to show the expense of the government of this colony as compared with the cost of government in other colonies. There is an impression that we are an expensively governed colony, but I believe we are most economically governed. The colony of Victoria, with a population of 600,000 persons, and an estimated revenue of £5 3s. 2d. per head, costs for governing £5 4s. 10d. per head. New South Wales, with a population of 400,000 and a revenue of £4 7s. 4d. per head, costs for governing £4 8s. 1d. per head. Queensland, with a population of 50,000, and a revenue of £11 11s. 4d. per head, costs for governing £10 15s. 9d. per head; and South Australia, with a population of 150,000, and a revenue of £5 18s. per head, costs for governing £5 16s. per head. Having said thus much by way of explaining what we propose to do in that direction, I will now refer to the statement of my hon. friend as to the requirements we shall have to provide for. If the House will insist upon the money voted for minor roads being expended, and upon the restoration to the Estimates of a sum of money to be expended for the same purpose next year, something additional will be required. I had conceived the establishment of a system of municipalities and road trusts throughout the colony, to be assisted by a grant of money according to scale, and a sum of £50,000 was put upon the Estimates to meet that proposition. But if the House insists upon the retention of all local public works in the hands of the Government, we shall require £200,000 a year more than was estimated. Now, however unwilling I may be to adopt that course, I am obliged to fall back upon ad valorem duties. We

have tried various other modes of raising money without success, and it rests with the House to say how far it will assent to the proposal I now submit, which is this :—

That, towards raising the supply granted to Her Majesty, there shall be charged on the importation of all goods not liable to duty by any existing law, or resolutions already passed by this committee, a duty of five pounds for every one hundred pounds of the value thereof, the following articles excepted, which shall be admitted free of duty, viz. :—Animals, living; fresh fruits and garden produce; fresh meat; gold-dust, bullion, coin; guano and manures; hides and skins; military and naval stores; ores, unsmelted; passengers' baggage; plants, trees, and shrubs; seeds and roots, including potatoes and bulbs; specimens of natural history; tallow and wool; wheat and flour.

I will give the estimate of the Collector of Customs, whose authority I believe is to be relied upon as to the probable revenue derivable from this source. There are many who consider that a duty of five per cent. is somewhat too high, but we must bear in mind that we forego a large amount by the exceptions, gold amounting to a million and a half of our imports. If we are to have an ad valorem duty we ought to obtain sufficient to meet our requirements. I only propose it as a temporary measure to see how it works, so that the House may hereafter be in a position to deal with it as its operation and effect become apparent. In the present emergency, I am prepared to undertake the duty of proposing it now for your acceptation. The Collector of Customs estimates the probable revenue from this impost at £177,995. I should, perhaps, have been better pleased if I could have proposed a duty of two and a half per cent.; but I can only say the duty I now propose will most likely have a better effect abroad, as showing that we are willing to raise whatever revenue may be required to enable us to meet our engagements. I should like to have reduced the package duty at the same time, but I do not think it would be safe to do so. With these observations I will submit the proposition I have brought forward for the consideration of the committee.

The resolution having been put, there were general cries of "Question, Question," which became loud and prolonged when the next speaker rose.

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE GEOFFREY EAGAR, made 2nd March, 1866.

[*From the Sydney Morning Herald of 3rd March*, 1866.]

LEGISLATIVE ASSEMBLY.

Friday, 2 March, 1866.

FINANCIAL STATEMENT.

Mr. EAGAR said: I apprehend this is a convenient time to make the statement of the position and prospects of our finances; and, in applying myself to this task I do not propose to take up the time of the Committee at any considerable length. When saying this, I would not have Honorable Members suppose that I desire to make a short statement simply to avoid giving all the information that they have an undoubted right to ask; but I confine my remarks in a limited compass for reasons that must be apparent to every Honorable Member. Within the last three months two financial statements have been made in Committee of this House—one by the Honorable Member for Wellington in October last, when part of his propositions relating to new taxation was passed, the residue being refused by this House; and the second by the then Colonial Secretary (Mr. Cowper) in December, when he took up the Ways and Means statements of Mr. Samuel, and brought them down to a point which entitled him, in his judgment, to ask from the Committee fresh taxation to the extent of £280,000 per annum in round numbers. In both these statements the Committee has had the fullest information as to the position and prospects of the Colony at these two particular periods. My position is so far of this advantageous character that, while during three administrations no Treasurer has made a statement to the Committee without having to acknowledge a large amount of indebtedness and a serious amount of deficiency, I am fortunately—I will not say by any act of mine in particular or by any special act of the Government with which I am now associated—in such a position that, instead of having to ask the House for fresh taxation, I shall show comparatively favourable results at the close of the present year. It is unnecessary to analyse the two statements I have referred to for this reason, that Mr. Samuel's account was made up to September, 1865, and he was obliged to estimate the revenue for the three remaining months of that year. When Mr. Cowper subsequently made a supplementary statement, he did not submit to the Committee any fresh account of revenue derived from its actual collection, but, taking the figures of Mr. Samuel, he dealt with them as the basis for fresh taxation. My position, then, is this, that the year 1865 having expired, I am enabled to show to the Committee the actual revenue raised during that year, as well as so much of the expenditure as has actually occurred, and I am further in a position to show the Committee the deficit or surplus with a greater degree of accuracy from the mere effluxion of time than could have been shown by the Honorable Member. In making this statement, there is this difference in my position contrasted with that of any of my predecessors, that, while there was great difficulty in obtaining the taxation necessary for the wants of

the country, and a question was raised as to the proper time for fresh taxation, and also as to the amount, it now appears to me that the taxation of the country being settled definitely, for a term at least, that question is so far removed beyond the pale of present controversy. But I apprehend that a new feature is this, that having the wants of the revenue satisfied, we have impressed upon us, with far greater force than on previous occasions, the subject of expenditure and the necessity for retrenchment and economy. I shall therefore answer sufficiently my present purpose by laying before the Committee as accurate a statement as I have been able to prepare of the public accounts for 1865; and of our prospects for 1866. The first statement to which I call attention is my own estimate of Ways and Means for 1866. Honorable Members will perceive by the account current, No. 1, that I end the year 1865 with an estimated deficiency of £2,671 3s. 3d. By a comparison of this document with the account current laid before the Committee by Mr. Samuel, it will be perceived that while the Honorable Member's estimated deficiency for 1865 was £22,313 6s. 7d., the estimated deficiency shown by my account for the whole term is only £2,671 3s. 3d. The Honorable Member's calculation of revenue was up to September, leaving an estimated calculation for the last three months now gone by. On the year's actual revenue there is an increase of £21,332 over and above the calculation of my honorable friend. On the debtor side of the account for 1865, I take the same figures for Appropriation Act, special appropriations, &c., amounting to £1,825,272 3s. 11d. The Honorable Member's supplementary estimates amounted to £71,725 9s. 11d., against my estimate of £84,210 6s. 5d. The additional special appropriations show a diminution, as compared with Mr. Samuel's account, the amounts shown in my later account being the actual payments. My smaller deficiency on the year's estimated revenue and expenditure arises from two circumstances; firstly, from the collection of a larger amount of revenue during the last three months of the past year than my honorable friend estimated, and secondly, from my having to place a larger amount under the head of savings. With regard to these savings, we have followed the example of our predecessors in including the unpaid balances of road funds for 1865. When pressure was brought to bear upon the late Government to compel them to treat these unexpended road balances not as savings, but as funds applicable for purposes of expenditure as required, the Government had omitted from the Estimates any provision for minor roads. It may be said, why follow their example? This is not done. The present Government have placed on the Estimates a large amount for minor and main roads, and having done so, they are informed by the officers charged with this branch of the public business, that the amounts placed on the Estimates for this purpose are sufficient for the present year. It would therefore embarrass the public account unnecessarily to retain on it these surplus votes when ample funds are provided on the Estimates for the requirements of the present year. If it should occur that more money can be spent, or may be required to be spent, on these roads, the Government will make such further provision as may be necessary. Having disposed of the account of 1865, and by a comparison with the account of Mr. Samuel for a like term, established an identity between the respective balances, I now invite the attention of the Committee to the account marked No. 2, in which I submit the probable outcome of the accounts at the end of 1866. I start with a deficit of £2,671 3s. 3d., and Honorable Members will then find on the debit side, charges on the Consolidated Revenue Fund, under the heads—General services, special appropriations, appropriations under constitutional and colonial Acts, and £20,000 likely to be required for the Panama Steam Postal Service, amounting together to £1,932,745; and charges to be provided by loan, £820,500. On the credit side, they will find the amount of revenue for the year 1866, as set out in the paper marked A, which has been compiled from very carefully considered information provided by the various departments. From these estimates, it appears that we are likely to have, during the year, revenue amounting to £2,084,511, which, with the amount to be provided by loan, will leave an estimated surplus of £149,094 16s. 9d. I think it unnecessary to make any com-

parison between this statement and the statement marked A 5, submitted by Mr. Samuel, as in that statement the honorable gentleman included the amount of his contemplated taxation, which was not agreed to. Neither will it be necessary for me, for obvious reasons, to allude to the statement of Mr. Cowper, made in December, 1865; but if the Committee desire me to analyse those, I am both prepared and willing to do so, and I only avoid doing so now from a desire not to tire the Committee unnecessarily. I now come to the estimates of expenditure submitted to the Committee by the present Government, and I may call attention, without in any way desiring to say anything disrespectful of the late Government, to the peculiar mode pursued by that Government in carrying out the retrenchments that had been insisted upon by the House. Honorable Members are no doubt aware that a circular of a somewhat arbitrary character was sent round by the honorable Premier to the heads of departments, to the effect that unless they could propose some possible retrenchment, they would have to submit to a ratable reduction of all salaries. Under pressure of this particular character certain communications were addressed from the different heads of departments to the Principal Secretary, recommending what, in their judgment, was the only retrenchment capable of being carried out. I may say that this Government dissent entirely from that mode of dealing with the question. They believe that the responsibility of carrying out the retrenchment that the House has insisted upon should fall upon the responsible Ministers themselves, and not upon their irresponsible subordinates; and that, whilst they would seek information from the heads of departments, any retrenchment should be carried out more with regard to the efficiency of the service than the economy of the public funds. Holding these views, some of these recommendations have been adopted by the Government, whilst some have been ignored, and to that extent some reductions in departmental expenses have been made. I think it right now to read to the House a short statement which will show practically to what extent reductions have been made by the present Administration. I shall go through these items in detail, as this is a most important matter and, as I read them, the items will furnish a key to the increases and reductions which the Government have thought right to make. The House will see that Mr. Samuel's estimates amounted to £1,331,717, whilst those of the present Government amounted to £1,367,942, showing an increase in some respects of £77,233, and a decrease in other respects of £41,000. The first item struck off is the pension of £200 to Mrs. Chisholm. While the Government are willing to acknowledge the claims of this lady, they think that this is not the proper mode of meeting them—that it is not by a pension but by the vote of a lump sum that she should be remunerated. Thus, then, whilst the Government will not propose a pension to this lady, they will be quite willing to support any reasonable charge Honorable Members may think fit to propose for consideration. In the department of the Chief Secretary, a saving of £825 per annum has been effected, owing to the death of Mr. Elyard, and the retirement of Mr. Owen; from the Volunteer vote has been struck off, £961, the salary of the brigade adjutant and the pay of the musketry instructor. We have also reduced the police expenditure £10,880, and the gaols and penal establishments, £3,904; whilst we have increased the expense for lunatics by £200. We have struck £1,000 off the observatory, as we did not consider that the measurement of an arc of the meridian was a matter of that importance that we should go to the expense to do it at the present time. We have added £5,000 to the vote for National, and £5,000 to the vote for Denominational, education. We have reduced the expenditure of the Protestant Orphan School by £72, whilst we have increased the vote for charitable allowances by £1,175, believing that this was one of the particular modes of expenditure to which the Committee could hardly entertain an objection. The immigration vote has been increased by certain changes that have been proposed, by £375; and in miscellaneous services there is a nominal decrease of £30,000—nominal, because the amount will be found charged elsewhere. It arises from the sum of £50,000 for municipalities having been struck off, and the amount added on to the minor roads vote; whilst under this head, £20,000

are proposed for taking the census this year. If the House intend to have the census taken every five years, then this is the fifth year, and provision must be made for it. It is, however, entirely a matter for the House to decide upon. In the department of the law offices of the Crown there is an additional £100 in fees for counsel defending aborigines, and the Supreme and Circuit Courts show an increase of £1,000, partly owing to the fact that it has been determined to restore the Master in Equity to his place on the Estimates, allowing him £200 for doing the duty of Commissioner of Insolvent Estates, and next from the increased allowance for travelling expenses. From the department of the Sheriff have been struck off the Inspector of Prisons and the officers consequent upon that appointment; consequently there has been a relative increase in the department of the Sheriff by restoring to that department the officers of the penal establishment. There have been £200 struck off the salaries of Bailiffs of the District Court, because their fees of office amount to large sums that amply repay them. £170 have been added to Petty Sessions in further allowances to police magistrates for visiting other benches. I now come to my own department—that of Treasurer and Secretary for Finance and Trade; and in reference to this I may say at once that, except in the case of the Mint, I have not considered it advisable to carry out the plan of retrenchment proposed by the gentlemen holding situations of trust under me. And for this reason—that the departments under me are charged with the important function of collecting the revenue, and of preserving the mercantile marine of the country. Considering that in so far as the Custom House is concerned, this department is entrusted with the collection of nearly a million of money annually, I have felt myself bound, so far from cutting it down, to ask for an increase; and in regard to the Navigation Department, when I was last in office I effected most important changes in that service, making reductions that brought this department to the point of conjoined efficiency and economy. I do not consider that it would be right that that which is now efficient should be weakened by reduction. On these grounds I have been unable to consent to any reduction. I have adopted the reductions suggested by the Deputy-master of the Mint; for, though I am aware that it is said that some hardship will occur, yet if such be the case, and the hardships be made out, the Government will be quite willing to submit to the House any claim that may be made for compensation. But the Parliament has made provision by statute for this department, which is one not under our control, and of the working of which we know nothing; and when I find that the gentlemen charged with the conduct of the establishment, and who must be considered to know what is required for its efficiency propose these reductions, I consent to them at once. The course I have taken has been this. I recommend an increase of £12 to an old and deserving messenger, £10 under the head of stamp duties, and £1,020 for three additional officers of Customs. There is one department in which I have made no reduction—that of the Government Printer—because I believe that a very large reduction may be made in a way different from that recommended by that officer. I think I shall be able to show when we come to this department in Committee, a mode by which the large and growing expenses of this establishment can be reduced. I come now to the department under the control of the Secretary for Lands. In the Lands Office £480 will be saved, consequent on the removal of Mr. Halloran to the Colonial Secretary's Office, leaving a vacancy that will not be filled up. In the case of commission to land agents £500 will be saved; and in the gold-fields estimate there will be a present saving of £3,099, with a large prospective saving when the bill has been passed for transferring the performance of the duties of Gold Commissioners to Justices of the Peace. In the scab in sheep estimate there is a saving of £375, and in the coal fields of £444, whilst for the Botanical Gardens there is an increase of £75. In the case of the minor roads my hon. friend estimates the expenditure at £57,200; for miscellaneous services there is an estimated increase of £1,344, but this is principally on account of compensation for losses incurred by failure of appeals on the Western Gold-Fields. I now come to the department of Public Works. There is a

reduction of £70 in the head office, and a reduction £6,073 in the working expenses of the railway, and £1,150 in the department of Harbours and Rivers. The estimate for main roads is £30,840. In the Telegraph department there is a reduction of £4,220. I now come finally to the Postmaster-General's department. In this department there is an estimated reduction of £1,486, and a saving of £2,000 in the conveyance of mails. The total increases on the estimates generally amount to £77,233, and the total decreases to £41,008, or a net increase over those of our predecessors of £36,000. I have stated what the Government have done in the way of retrenchment, and if any Hon. Member feels inclined to be dissatisfied because we have not done more, I would say we are a Government of five weeks' standing only, and it can scarcely be expected that what my hon. friend Mr. Cowper failed to do during his many years' acquaintance of office, and his large official knowledge, we should be able to do in five weeks. During the previous tenure of office of the present Government, no set of men had a stronger desire to economise, but all that we were enabled to do was to effect a reduction of £20,000 a year. I think it cannot be expected of us to do more than we have done during the last five weeks. We have made certain reductions in the various departments, and we are pledged, if we retain office, to investigate and decide upon our own responsibility, what further reductions we consider to be necessary. It was impossible to cut down salaries without great injustice, and I do not think that any member of the Committee desires us to be guilty of injustice to any of the public servants. I am aware that some Hon. Members think that we might make a ratable reduction in the salaries of public officers; but I think the statement made by my hon. friend, Mr. Cowper, must have convinced Hon. Members that a very small saving could be effected in that direction, while a very large amount of injustice would be done. The general idea of the Government is this —that you cannot cut down salaries, but you can reorganise, and you can get done by private individuals many things that are now done by the Government. I allude, among other things, to the Fitzroy Dry Dock. For what earthly reason should the Government keep up this dock and a large establishment for the accommodation of private vessels? And so with the abattoirs, why should the Government slaughter cattle for the butchers? It will be in reorganisations that retrenchments will be effected. I think I have said enough on this point, so I shall leave it to Hon. Members to call for any further information that they may desire. I will now come to the subject of our public debt, and at the outset I will remark that the idea of providing some machinery for investing funds with a view to reduce and extinguish our public debt is not new to the public. The matter was mentioned by my hon. friend the Colonial Secretary at Kiama, and my hon. friend the member for the Hawkesbury asked a question on the same subject the other night. At that time the Government were not in a position to state what they were prepared to do in the matter, but now I may state that the Government are prepared to adopt the suggestion of appointing commissioners to whom shall be paid annually a sum of money not less than £10,000, out of the Consolidated Revenue Fund to invest for the purpose of extinguishing our public debt. We have a special kind of public debt—our deficiency loans,—which, I think, may be left to be dealt with by the commissioners. That loan embraces an authorised issue of £400,000 of Treasury bills, but of this sum we have an unsold balance of £77,500. During 1866 and 1867 we must make provision to repay this loan of £400,000, if all negotiated, as the time of payment is limited to that period. Then we have a Loan Act for deficiency purposes, passed during last session, to raise £550,000, and another authorising us to raise £300,000 to meet a like sum falling due on the 1st January of this year. The first has a very peculiar but, I think, a very wise provision, namely, that the Colonial Treasurer shall pay out of the consolidated revenue a sum not less than £100,000 annually to meet debentures of a like value falling due. I think this is a wise provision, inasmuch as it forces upon the Government economy in order to enable them to lay by this amount, but it falls short of the requirement in this respect, as there is no provision to compel the Treasurer to do this. These two loans of £550,000 and £300,000 have a term of ten years to run from the time of the

passing of the Acts. I think with my hon. friend, Mr. Piddington, that the time has arrived when we ought to appoint commissioners for the purpose of reducing and extinguishing our debt. On the 1st January, 1868, debentures fall due to the amount of £400,000, and the remainder of the deficiency loan at subsequent dates. I think the Committee will agree with the Government in their determination to introduce a bill to appoint commissioners to whom shall be paid a sum of money every year to be invested and employed by them for the purpose of extinguishing our public engagements. I have now much pleasure in stating some particulars in relation to our revenue. The Customs revenue for January and February, 1865, amounted to £98,787, and for January and February, 1866, to £150,634, being an increase for the latter two months of 52½ per cent. over the corresponding two months in 1865. The progress of our revenue would place us in a most fortunate position, but that the present year is burdened with engagements in consequence of the non-sale of our Debentures in London. The revenue received from all sources for January and February of the present year, amounted to £311,832, a very fair guarantee that the estimate of £2,000,000 for the year is not above the mark. Of this revenue we have only spent, proper to the year 1866, £136,503, so if we had nothing to do except to meet current liabilities by current revenue we should have a large balance in hand at the end of the year. But owing to the non-sale of our debentures in London we have had to advance during the two months of the present year, the sum of £63,914, for loans, and for the services of 1864, and further sums for other purposes, making a total of £157,499, and to that extent we have reduced the public debt. The present rate of collection vastly exceeds the rate of expenditure. I will now allude to the state of our general loan account, and in doing so would say that I think a very great mistake was made when we allowed Peto and Company, who were willing to construct our railways on the faith of our debentures, to leave this colony.

Mr. Lucas: We have contractors who will do so now.

Mr. Eagar: I am glad to hear it, as the time has then arrived when, instead of sending our securities to England to be sold at a loss, we shall be enabled to carry on our railways by means of our debentures being paid to contractors in the colony. We are now selling at a great disadvantage in London, and there is a possibility of our having to submit to something like 70 or 80. The debt due to the Oriental Bank, including outstanding credits, is £940,900, against which they hold debentures in London and in transit to the nominal value of £1,716,300. According to the present system of the Oriental Bank our sale is not at a larger rate in London than £100,000 of our debentures against the old average of £600,000. I mention these facts because, no doubt, either this Government or some other Government must take steps to remedy this anomalous state of things. The amount due to the Bank of New South Wales in London is on general account £85,000; and on Treasury bills advance £76,000.

Mr. Piddington: Will my hon. friend have the goodness to state the rate of interest charged by the Oriental Bank at the date of latest advices?

Mr. Eagar: The Bank of England rate of interest by latest advices was eight per cent. and the agreement with the Oriental Bank is one per cent. above that of the Bank of England. Our cash balance at the bank last night was £146,288 3s. 9d., but this, no doubt will be reduced by payment of salaries to-day. While we have this aggregate balance to our credit, the Consolidated Revenue account has now at its credit for the first time in two years the sum of £3,878. But although we had this large general balance of £146,288 to our credit last night, the whole of it is likely to be swept away before the March mail goes out, as the Oriental Bank, having made large advances to the Government, has refused to make the advance necessary to pay the interest on the public debt due in London in July next, and consequently I shall be obliged to withdraw the amount and send it home to meet this demand. The Oriental Bank has hitherto acted very liberally, but by the agreement made with the late Government, it has the absolute power to sell our debentures at any price to cover its cash advances. I therefore think that it was scarcely right of the Oriental Bank to refuse the advance, of £150,000 to send home by the March mail. It was very hard for me or any other

Treasurer to be obliged to withdraw the money from our local account. I trust the information I have afforded, as far as it goes is sufficient to satisfy the committee. I can scarcely hope that the approval of the committee will be extended to all that we have done, or that we have left undone. But for the particular purposes of this debate, I think I have furnished the committee with all the information necessary. I can only say, in conclusion, that I shall be happy to afford any further information desired. I have now to move that towards the making good the supply granted to her Majesty the sum of £1,447 be granted out of the Consolidated Revenue Fund of New South Wales.

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE GEOFFREY EAGAR, made 27th September, 1866.

[*From the Sydney Morning Herald of 28th September, 1866.*]

LEGISLATIVE ASSEMBLY.

Thursday, 27th September, 1866.

FINANCIAL STATEMENT.

MR. EAGAR, in moving the first resolution, rose and said: Mr. Garrett,—The time, Sir, has arrived when it becomes my duty, in accordance with the usual custom, to present to the Committee as comprehensive a statement as I am able to make of the financial position and prospects of the colony. And in commencing to do so I will require hon. members to go back to the year 1865. This year was in some respects a memorable year, and I so term it, because in that year the attempt was made, for the first time since the inauguration of responsible government, to restore the equilibrium between revenue and expenditure by the agency of new taxation—thus establishing on the part of the country the principle that with States, as with individuals, we can only be safe by keeping our engagements within the limit of our income. As a matter of history, the fact of a deficiency in our finances had long been persistently controverted. Without desiring to make any remark in the slightest degree savouring of asperity, on the conduct of the hon. gentleman who now sits at the head of the Opposition benches, I may state that what is now demonstrated by the inexorable logic of facts, was for a long time a matter of considerable doubt, of considerable discussion, and of emphatic denial. But in 1865 the deficiency in the revenue became no longer a matter of controversy. It was shown that our finances had been so managed—I will not say mismanaged—that, instead of a surplus, we were landed in a considerable deficiency, a deficiency extending over two or three administrations, a large portion extending over the time when the hon. gentleman opposite (Mr. Cowper) was at the head of affairs, and a large portion extending over the time when my hon. colleague (Mr. Martin) was at the head of affairs. It appears that our financial matters were so managed that in 1865 an accumulated deficiency to the large extent of £850,000 disclosed itself. During the year 1865—the Administration being then in the hands of my hon. friend opposite (Mr. Cowper)—new sources of revenue were resorted to. We had the package duty passed on the 25th May in that year, which increased the revenue £29,000; also the Stamp Act, passed on the 1st July, which yielded a revenue of £33,000; and we had also an addition of 20 per cent. to the then existing tariff, under an Act which was repealed in January, 1866, but which had, during its operation, given to the revenue an addition of £13,293. There were also a large number of the fourteen years' leases appraised under the Crown Lands Occupation Act, and thence accrued an addition to the land revenue in the last month of 1865 of £125,000; making a total addition to the revenue, partly by increased taxation and partly by rents falling in, of £200,293. This large addition has so far favourably influenced the operations of the year as to enable me to state that, instead of having a deficit of £2,671 3s. 3d., there

is a surplus of £28,177 12s. 5d. I shall be glad of the attention of hon. members to account current No. 1, now being distributed, while I explain the change which has taken place in the figures since March last, and which leads to this favourable result. The state of the account, as exhibited on the 29th November, 1865, by the hon, member for Wellington (Mr. Samuel), showed an estimated deficiency of £22,313 6s. 7d.; and, from the best view that I could take of it, on the 1st March, 1866, I reported to the House that I estimated a deficiency of but £2,671 3s. 3d. at the close of the year 1865. I now wish to point out how the balance turns to the credit side. Looking at the account, hon. members will find an item voted under the head of "Supplementary Appropriations" of £75,922 16s. 9d. The amount estimated was £84,210 6s. 5d., which would make a decrease of £8,288. They will also find a further Supplementary Estimate of £3,694 a new item, while the remaining items are in the same shape as they were previously—the estimated surplus on the year being £28,177 12s. 5d. On the credit side of the account the revenue was stated at £1,761,839 1s. 8d. This remains unaltered. The favourable balance is occasioned by the enlargement which has naturally taken place in the amount written off on the credit side of the account as appropriations not required for 1865. These amounts are, as usual, stated as savings—in other words, they are so much of the estimated appropriations of 1865 as circumstances show cannot be spent. When Mr. Samuel made his financial statement in 1865, he estimated these savings at £142,036 19s. 6d. The lapse of time up to the period when I made my last statement increased them to £152,913 9s. 4d.; and the still further lapse of time, between March, 1866, and the present moment, has enabled me to determine the amount of savings as £179,168 15s. 4d. This greater accuracy turns the balance favourably on the other side of the acconnt; and for the commencement of 1866, instead of a debtor balance of £2,671 3s. 3d., as was anticipated, we shall have a surplus of £28,177 12s. 5d. Therefore, I think I was right in calling the year 1865 a memorable year, because not only was it the first year under Responsible Government, when new taxes were imposed, but the first year when an absolute surplus may be said to have existed, thus forming a legitimate starting point for future improvement. I next invite the attention of hon. members to account current No. 2, which exhibits the affairs of 1866 brought down to a later date than when I made my financial statement in March last. I now proceed to examine the account of revenue and expenditure for 1866. In that account we start with a balance on the credit side of £28,177 12s. 5d., which I estimate will, on the 31st December, be increased to £70,564 0s. 10d. The estimated surplus which I ventured to predict in March last as the probable balance of this year was stated as £149,094 16s. 9d., and no doubt hon. members are anxious to know how it is that so large a surplus as this is reduced to the smaller sum I have mentioned, viz., £70,564 0s. 10d. Of course it will be my duty to explain the peculiar circumstances which have led to that result. Looking to the debtor side of this account current No. 2, hon. members will see that the first three items, of General Services, Special Appropriations, and amounts provided by Constitutional and Colonial Acts, have been varied. In the account of February, 1866, these were stated at £1,912,745, while the amount actually voted was £1,924,753 0s. 7d. So that, in point of fact, the amount voted exceeded the estimate by £12,008 0s. 7d. Hon. members will also require to look at item No. 4, Supplementary Estimates for 1866, page 9, £153,498 14s. 5d. It will be seen at once that this large supplementary estimate necessarily has a considerable tendency to diminish the surplus which I estimated in my statement on the 28th February, 1866. I will read to the Committee the principal items which constitute this amount. For services of the year 1865 there is a sum for forage for the police, £1,200; for 1866, under the head of clothing for four additional batteries of volunteer artillery, £1,600; forage for police, 1866, a further sum of £7,500. Under the head of gaols for 1866, provisions, fuel, light, water, and incidental expenses, £4,400. Under the head of asylums for the infirm and destitute, 1866, £2,000; additional expenditure, incurred by buildings at Port Macquarie. Under the head of charitable

allowances, £3,019 18s. 4d.; allowance of seed wheat to distressed farmers, £3,450; and there is a sum of £2,000 for the Paris Exhibition; there were other large sums for interest, which, as the Committee is aware, are rendered necessary by the circumstance of our having a large overdraft in London, and also an overdraft in this city. The items of interest are as follows:—£50,000, a further sum for interest on the public accounts, overdrawn at the banks where such accounts are kept, £10,000 having been taken in the main estimates for 1866. Interest on Treasury bills, £5,000; interest on temporary loan of £100,000, at 8 per cent., from the Australian Mutual Provident Society, £1,900; and £100,000, at 6 per cent., from the Savings' Bank, £1,400; exchange on remittances, £1,500—making in the Estimate the large sum of £60,000 for interest alone. At page 7 hon. members will see the expenditure of the Lands Department detailed as follows:—Occupation of lands, £3,500; to meet expenses connected with preparation of returns, £31; £2,500 for the extension of Riley-street to Palmer-street; forming, levelling, and draining Circular Quay, £5,000; repairs to river bank, West Maitland, £1,300; for other public works, £11,529; roads and bridges, £1,200; and under the head of miscellaneous, £3,693 13s. 2d. This Supplementary Estimate also contains £27,500 towards the subsidy for the steam postal mail service *viâ* Panama for six months from the 15th June. So that the Committee will see that of this Supplementary Estimate £60,000 is for interest and £27,500 for the Panama mail service, which reduce the other items to a comparatively small amount. The next item in this account consists of special appropriations, £15,090 12s. 4d., which sum is made up of drawbacks and refund of duties, £15,000; and preliminary expenses of municipal institutions, £90 12s. 4d. There are further payments under the Scab in Sheep Acts, 27 Victoria, No. 26, and 29 Victoria No. 13, £1,166 13s. 10d., made up of—fines and collections refunded, £925 10s. 6d.; and charges on collections, £241 3s. 4d. So that the new debits in this account are the amount appropriated in excess of my estimate of February last, £12,008 0s. 7d.; the Supplementary Estimate £153,498 14s. 5d.; and the Special Appropriations, which are charged as new items. These are the additional sums on the debit side of the account. I now come to the credit side of the account, and hon. members will see a reduction under the head of revenue and receipts for the year 1866. The amount estimated in the account of the 28th February, 1866, was £2,084,511; the amount actually received up to the 31st August was £1,240,809. The amount of estimated revenue from 1st September to 31st December is £786,358; making, as a whole, £2,023,579 14s. 5d. after deducting £3,587 5s. 7d. for advances refunded. This is as near an approximation as I can venture to make as to the probable revenue of the year. The account shows the difference between the sum now submitted and that in the account of the 28th February, viz., £60,931 5s. 7d. In short, the revenue in the account of the 28th February was over-estimated to that extent. This over-estimate arose as follows:—In the Customs, £52,000; in Colonial spirits, £4,100; and in the gold revenue, £4,500. So that this over-estimate on the credit side is, in point of fact, a charge on the debtor side of the account. I have next to call attention to the amounts appropriated for 1866, but not likely to be required, namely: interest on debentures, £105,000; interest on Treasury bills, £2,604 12s. 4d.; steam postal service *viâ* Suez, £5,711 2s. 10d. Hon. members will see that in this account for 1866 I have not taken credit for what we understand by the term "savings"; but I have taken credit simply for amounts of interest which I over-estimated in my statement of February last. For example, the public debt at this amount is £5,634,930; and it consists of debentures actually sold, £5,240,030, bearing interest at 5 per cent., and Treasury bills actually sold, £394,900, bearing interest at 6 per cent. The actual interest due to the end of the year on the public debt, so stated, amounts to £264,819 9s. 4d.; whereas in my account of February last the estimate was framed as though the whole of the debentures sent to London had been sold, which is not the case. The sales are very limited. I then took the interest on the debenture debt as though the principal sum of £7,400,000 were outstanding; and the amount of interest was estimated at £370,000. The amount actually over-estimated, which

could not by any possibility have been claimed for this year, amounts to £105,186 10s. 8d. The same remark applies to the interest on Treasury bills, £2,604 12s. 4d. There is an actual saving of £5,711 2s. 10d. on the steam postal communication, *viâ* Suez; so that the amount of sums appropriated for the service of 1866 and known not to be required for expenditure, is £113,315 15s. 2d. This is not an imaginary saving, as it has been determined, as far as certainty is possible, that this large sum is available for the credit side of the account. A large portion of the amount, it will be seen, is owing to the absence of demands for interest estimated under the impression that the whole of the debentures would be sold. The surplus arrived at for 1866 is therefore likely to be realised. The Government exclude from this account all those other appropriations for the year not required, and which remain to be written off at some future day. Starting, then, with a surplus on the 1st January, 1866, of £28,177 12s. 5d., the committee will perceive that after providing for a supplementary estimate, making provision for a large amount of interest on our over-drafts, for public works, for charitable institutions, and for those deficiencies in votes for police which the Government find it necessary to supplement, and, allowing for a reduction of £61,000 over-estimated on the revenue for the year, we come to an estimated surplus which I believe will be actual at the close of 1866, of £70,564 0s. 10d. The Committee will, from this, observe that commencing the year with a moderate surplus, we close it with a largely increased surplus, so that we have progressed in a favourable degree. This brings me to account No. 3, to which I invite the attention of the Committee. I am exceedingly gratified that circumstances should have placed me in a position to announce an estimated surplus at the end of next year of £310,077; and I shall proceed to point out how I arrive at such a satisfactory result. This account starts with a surplus brought forward from the close of 1866, which I venture to prophesy will be realised, of £70,564 0s. 10d. I then estimate the revenue of 1867 to be £2,253,505, and it will be seen how that result is arrived at. The paper marked B is an abstract of the revenue of 1865, the actual and estimated revenue for 1866, and the estimated revenue for 1867. I shall proceed from this to point out those particular items from which the estimated additional revenue for 1867 is anticipated.

We are now so far drawing to the close of 1866, as to be in a position to estimate pretty accurately the amount likely to be realised this year, and that amount is set down at £2,027,167; whilst the revenue for 1867 is estimated at £2,253,505. In the Customs revenue, the estimated increase is £45,003 upon the following items:—Spirits, £2,010; upon tobacco, £2,155; upon tea, £12,134. Hon. members will recollect that, with respect to the revenue of the present year, owing to anticipated fiscal charges, a large amount of tea, amongst other dutiable articles, was taken out of bond previous to the close of 1865; and, as the amount of revenue from that article for 1866 is, from that casualty, reduced to £47,866, I have estimated an increase of £13,000 as one on which I may fairly calculate. On sugar and molasses the estimated increase is £7,526, on package charge £1,110, ad valorem, £13,266, and Murray River Customs, £6,902. So that, with these additions to the Customs revenue, which I believe will be actually verified, there is an estimated increase in this source of income to the extent of £45,003. With regard to the gold revenue, it will be seen that there is an estimated decrease of £14,000, it being the intention of the Government to bring in a bill to reduce the gold duty to 1s. during the currency of this year, to 6d. next year, and the following year to abolish it altogether. The Mint receipts I have estimated a little over those of last year. There is a larger estimated increase in the land revenue, and I will endeavour to explain how it is likely to arise. Hon. members will perceive that an additional £90,000 is expected under the head of land sales. My hon. friend the Minister for Lands is under the impression that a very large amount will be received in 1867 from pre-emptive purchases, under the old fourteen years' leases, so that it is exceedingly probable there will be this addition to the ordinary revenue. On the item, balances on conditional purchases, the estimated increase is £11,000, which has been calculated by the Minister upon the rate of increase going on this year.

An additional amount, to the extent of £23,000, is also expected from interest on land sales to conditional purchasers. The next item, rent and assessment, speaks for itself. These are the principal items of increase under the head of land revenue, to which the Minister in charge of that department has given great consideration. The next item is an increase of £10,000 for postage, and the Postmaster General has given an assurance that this increase is almost certain to arise. Then there are spirit licenses, fees of office, fines and forfeitures, rents (exclusive of land), and stamps, with regard to which the estimates do not differ in any noticeable degree from the amounts realised from those sources of revenue during the present year. There is an estimated increase on railway receipts to the amount of £28,000, and the Minister for Public Works informs me that the additional traffic that may be expected from the extension of the lines will certainly place the public revenue in receipt of this additional amount. The increase upon electric telegraph receipts is estimated at £3,000. These are the principal items of increase. Well, I estimate the public revenue of 1867 at £2,253,505, and I have reason, as far as human calculation can go, to expect that revenue. I have, on the other side of the account, charges on the Consolidated Revenue Fund for general services £1,450,888 provided by Constitutional and other Colonial Acts £58,604, and special appropriations £504,500, making a total charge upon the revenue of £2,013,992. To take matters in order, it will be right to point out some of the new items in these estimates, or rather some of the new items, and the important increases in the old items. The first is under the head public instruction, for which there is an increase of £10,000; the vote last year was £80,000, the vote proposed to be taken is £90,000; reformatory and industrial schools, £10,000, a new item; six American 450-pounder guns with carriages, £3,000, a new item; stockade and prison to be established at Trial Bay, with a view to making it a harbour of refuge, £6,000, a new item; completion of new wing to Maitland gaol, £5,000, a new item; district gaol for Western district, £10,000, a new item; completion of new wing to Australian Museum, £2,000; addition to Benevolent Asylum, Liverpool, £2,000; new court-house, West Maitland, £7,000; erection of telegraph station at Albury, £2,800; addition to the Roman Catholic Orphan School, £1,200; towards fortifying the South and Middle Heads, £5,000; erection of stockade, £2,000; alterations to abattoirs, Glebe Island, £3,000; expense of steam postal communication with Great Britain *viâ* Panama, £55,000. These are the chief of the new items which appear on the Estimates submitted by the Government, as well as the more important increases on old items. I now come to a subject that no doubt will give rise to considerable discussion, that is the proposed reduction of one-twelfth in the salaries of the whole of those persons employed by the Government. I may say that this is the particular form in which the Government think it desirable that retrenchment should take place. ("Hear, hear," from Mr. Driver.) I am quite aware, notwithstanding the somewhat derisive cheer of the hon. member opposite, that this particular form of retrenchment is a disputable point, and that there is likely to be some discussion upon it. I intend to argue the question very quietly, and without making any reflections upon members of previous administrations, and in a conciliatory manner, that I hope will be responded to by hon. members on the other side. This question of retrenchment has been pressed upon every successive Government since responsible institutions began. Ever since Responsible Government, the Opposition o the day has always pressed severely upon the persons in power the inevitable necessity, at all times existing, for reducing the public expenditure. I have much pleasure in stating that the first step taken in this direction was in 1864, when my hon. and learned colleague (Mr. Martin), then at the head of the Government, effected a clear saving of £30,000 in the public service by an actual reduction of annual salaries. That Government got very little thanks, however, for that retrenchment, either from the House, or from the Civil servants, who were not slow to record their indignant feelings, and at the general election following the ballot afforded them an opportunity of placing a black mark against us. It shows how much gratitude is likely to attend any conscientious effort

to cut down expenditure. The next step in this business was taken by the hon. member opposite (Mr. Cowper) who, in the course he adopted, did not appear to exercise any remarkable knowledge of the world or of human nature. That course was to consult the heads of departments as to what decrease they could effect, and then was issued the memorable circular of January, 1866. The hon. member imposed upon the heads of departments an almost painful pressure, and after showing reasons for reduction, intimated that if it were not provided for in the mode he suggested, a per centage would probably be taken off the salaries.

Mr. COWPER: The circular said nothing of the kind.

Mr. EAGAR: This is not to be determined by the personal statement of either the hon. member or myself. The matter is one of record, and I will refer to the document presently. I think it right to go fully into this question, because retrenchment is so serious a step both as regards the revenue and the interests of persons affected, who are a very large number in this country, that I feel bound to take notice of the action of the hon. member, in order to show how signally he failed in his endeavours, and also to show what was the alternative his Government felt justified in suggesting, in case his propositions did not succeed. In the correspondence upon retrenchment, laid upon the table and printed by order of the House, I find a circular addressed to the heads of departments. It is as follows:—

Colonial Secretary's Office,
Sydney, 2nd January, 1866.

Sir,—During the recent discussions in the Legislative Assembly, upon the Budget and the present financial condition of the Colony, an earnest desire was expressed that large reductions should be made in the public expenditure. I am therefore directed by the Colonial Secretary to call your serious attention to the subject. The cost of the Government establishments is enormous, and concurring, as Mr. Cowper does, with what seemed to be the general feeling of the Assembly, a distinct assurance was given that endeavours would immediately be made to ascertain in what respect they could be placed upon a more economical footing.

The point which you will have to consider is, not whether reductions can be made in your department—you will assume that they must be made, and the only point for determination is, in what respect they can be effected with the least injury to the Public Service. No delay can be permitted, as the Colonial Secretary, upon the re-assembling of Parliament after the recess, proposes to state the particulars in which the Estimates now before the Assembly can be reduced. It is suggested that, by requiring a more punctual and regular attendance of the officials during office hours, and insisting that they shall commence work not later than a quarter-past 9 o'clock, by restricting somewhat the time usually taken for lunch to half-an-hour, and by extending the time of leaving office to half-past 4, a number of clerks could be dispensed with. The general impression in the Assembly would seem to be that the number of officials is very largely in excess of what should be employed, *and I am to add, that if the number is not reduced, a per-centage deduction from salaries generally will probably be enforced.*

The subject is of such deep importance to the public servants themselves, and to the Public Service of the Colony, that Mr. Cowper desires me to press it upon your anxious and careful consideration, and to request your report at the earliest moment.

I have, &c.,
W. VALLACK.

Where I think the hon. member showed a want of knowledge of human nature was in applying to the heads of departments for any recommendation that would amount to an actual reduction. The hon. member does not seem to understand the difference between ordinary and official human nature, and the result of his appeal must have convinced him that he had made a signal mistake. A brief examination of these lengthy documents will indicate what the heads of departments recommended under the pressure imposed upon them. The Inspector-General of Police cannot recommend any reduction of the central establishment, which includes his own salary; all the costly staff in the city of Sydney must be retained at full salaries, with the exception of one clerk in the office who is to be dismissed. The recommendation, otherwise, is confined to the dismissal of a few sub-inspectors, senior sergeants, and constables, and the lopping off a few contingent expenses, and this without any consideration of the state of the interior, or of crime at the period. In fact this so-called saving is no saving at all. He recommends that the salaries of the whole of the police magistrates, which amount to £6,000, shall be cut off; that is, that in every district, where members of this House believe that police magistrates are necessary to bring justice to every man's door, the Inspector-General of Police, in

the fulness of his zeal, recommends that the whole shall be done away with, but he does not propose that his own salary shall be touched. He also proposes a reduction of £756 for some contingencies, and the total amount of the reductions recommended by him, but which have never been carried out, is the sum of £20,000. I next come to the Police Magistrate of Sydney, Captain Scott, who proposes to dismiss a clerk; and the Water Police Magistrate also proposes to dispense with the services of a junior clerk, who is paid £125 a year. The Auditor-General merely proposes to dismiss two junior clerks, and so reduce to the extent of £120 a year. I then come to the Registrar-General, whose proposals are certainly of a novel character. He proposes to increase the fees payable by the public, and to reduce the fees paid to the District Registrars. Thinking that the public do not pay enough for their searches in the Registry Office, he proposes that the fees shall be increased so as to bring in an additional revenue of £1,500. This is a modest proposal certainly. On the one side of the account he proposes to place this gain of £1,100 a year by victimising the public, and on the other hand he proposes to reduce his expenditure to the extent of £1,100 by cutting down the fees of the District Registrars from 3s. to 2s. for each registration. But the Registrar General and his establishment are to draw their salaries to the full amount. These proposed reductions have not been carried out either by the hon. gentleman opposite, or—

Mr. COWPER: I was turned out of office before I had a chance to carry them out.

Mr. SAMUEL: We have had all this before.

Mr. EAGAR: Well, I never knew a case where a Finance Minister, when making his statement, was interrupted in this unseemly way. I am explaining to the Committee how it is that by the failure of this notable scheme, the Government are driven to adopt the plan of retrenchment submitted on the Estimates. I now come to the office of Registrar General, in so far as it affects the Lands' Title Department. I do not find that any of the gentlemen there are willing to submit to reduction. The Examiners say:—"If you must reduce, here are two or three Commissioners who are paid for doing nothing. We can do their duties just as well. Get rid of the Commissioners, and we will do the duty." (Hear, hear.) I am very glad to find that the Committee receives this with so much favour, though neither the previous Government nor the present have carried out the proposition. We now come to the Astronomer Royal; he can make no reduction. The Sheriff reports to the same effect. The Superintendent of Cockatoo Island proposes to make a reduction of £667, which is to be effected by taking away ten prisoners and six constables, and he thus foists the expense of maintaining them on some other department of the public service. We now come to the Matron of the Protestant Orphan Scool at Parramatta. All that this lady can suggest is that the unfortunate master is not to have his proposed increase of £27 a year, and one female and one male attendant are to be dispensed with. I then come to the Superintendent of the Lunatic Asylum, who, under the powerful pressure placed upon him by my honorable friend opposite, and who, not caring sufficiently for the dangerous community in which he lives, proposes a reduction of £288, by dismissing one master and three junior male attendants. In all these cases the reductions are to be made by getting rid of persons holding minor appointments, who have no friends to protect them. The high salaries are to be retained. The Superintendent of the Lunatic Asylum at Parramatta reports that he can make no reduction. In the Stamp Office reduction is proposed to the extent of £350 by getting rid of one clerk and one stamper. In Immigration and the Customs there is no reduction. The Inspector of Distilleries proposes to dismiss one inspector, thereby saving £300, but he does not touch his own salary. The Acting Deputy Master of the Branch Royal Mint proposes a saving of a thousand a year. The Deputy Superintendent of Stores and the Shipping Master report that no reduction can be made. The Inspector of the Glebe Island Abattoirs proposes to dispense with an assistant at £150; and the Superintendent of Pilots, Lights, and Harbours proposes reductions in the minor offices. In the

Roads Department, under Mr. Bennett, it is proposed to dismiss a junior clerk; and the Engineer-in-Chief and Superintendent of Cockatoo Island proposes to dismiss a shipwright carpenter. The Inspector of Telegraph Lines and Stations proposes to reduce the salaries of the line inspectors, and to dismiss two messengers and a junior operator. In the Department of Harbours and Rivers, Mr. Moriarty proposes to reduce the crews of the steam dredges Hunter and Pluto £200, and the salaries of engine-drivers and men, £210. All the high salaries in his own department he has left untouched. The chief clerk of the Railway Branch effects a saving of £250, as he imagines, by transferring a clerk from his own department to another. The Traffic Manager proposes to get rid of a night-watchman, a day-watchman, and three porters. I then come to the Engineer-in-Chief for Railways. This gentleman, I may remark, and I say it without offence, receives the high salary of £1,500, as much as a Minister of the Crown. All that this highly-paid gentleman, when put under the powerful pressure of the hon. member opposite, can propose, is to dismiss eight men from the carriage and locomotive departments, whereby £1,064 per annum would be saved. He that says the gangers—

Mr. JOSEPH: What is the whole saving?

Mr. EAGAR: I do not think it ever came to a practical result. It is nowhere stated in these papers.

Mr. FORSTER: It was said to be about £90,000.

Mr. EAGAR: Well, this gentleman proposes that the wages of the labourers and gangers, which were at that date at 10s. and 7s. a day, should be reduced to 9s. and 6s. 6d. His proposition does not touch the high salaries of his department. I then come to the scale of reductions submitted by Mr. Cunneen, whose proposals are of a somewhat similar character. I find three clerks reduced £100 a year, and one £132. One postal inspector is proposed to be abolished—£300, and three letter-carriers, £396. The course of reduction in this department, as in all the others where the heads are appealed to, is not a general system of reduction—a reduction based on the principle that the ablest men should have the highest pay, and inferior men the lowest, but it is based on the miscalled principle that the head of the department and the high officers shall be left untouched. The reductions are suggested in the salaries of those who have no friends or powerful patrons to protect them. I think I have convincingly shown the Committee that any idea of appealing to the heads of departments for such reductions as would be just to the public service is entirely out of the question. I think that there is no member who will not admit that my hon. friend's scheme failed in the most unmistakeable manner. The heads of departments, like ourselves, have their own interests mainly in view, and the natural consequence is that these gentlemen will reduce the salaries of every one but themselves. It thus became our duty to ascertain in what way retrenchment could be carried out by this Government. My hon. friend's scheme having shown the folly of appealing to the heads of departments, we at once came to this conclusion, that we must cast about for some other means of retrenchment which, while fair to the public service, was also likely to be accepted by the Committee. I may state to hon. members that during the recess I caused a circular letter to be addressed to the banks and most of the public companies on this subject. [Mr. Eagar read the circular. It was dated April 6. It stated the intention of the Government to reorganise the public departments and to rearrange the salaries of public officers. Information was desired of the rates of remuneration given to employés by those to whom the circular was addressed, and stated that such information would be strictly private.] I was obliged to receive the information in confidence; but under this pledge I received a good deal of information, which I was enabled, under the restrictions here given, to classify. The conclusion I have arrived at, after careful consideration of the salaries paid by the banks and public offices, is that persons of talent are remunerated at higher rates in private service than in the public service, due regard being had to their abilities and the analogous nature of their duties. In all those cases in the public service where a high degree of ability—where special and trained ability is required—the Government pay a great deal less than is paid for like ability by the banks, and in private

service. On the other hand, in all the minor departments of the public service the pay is higher than that given for similar ability by private individuals. In my view the reason is this: up to 1857 the appointments made by the gentlemen previously administering the Government were made chiefly as marks of favour, and not on the ground of personal merit.

Mr. COWPER: That is a nice charge to make against your predecessors.

Mr. EAGAR: I am speaking of the period prior to the introduction of responsible government. The gentlemen administering the Government prior to that period having no responsibility and no check, the appointments were made mostly as marks of favour to friends and dependents, but not distinctly upon the score of ability; so that the public service, and I make the remark without intending any offence, has been filled to a considerable extent by gentlemen of mediocre attainments. And, looking at the conduct of affairs since responsible Government, I believe my hon. friend, Mr. Cowper himself, will admit that a great many appointments are necessarily made from political considerations. The rule no doubt is, that merit should prevail, but under the institution of responsible Government, as a matter of fact it does happen in the regular course of things that some portion of the public service is recruited by means of persons bearing the strong and urgent recommendation of hon. members of this House. I say this without reflecting on hon. members, and I trust without reflecting on preceding Governments. The point I am endeavouring to establish is, that from the force of peculiar circumstances, we have in the public service numerous instances of mediocrity highly paid—a state of things which could not occur in private service, where political considerations have no weight; for private employers look for what they can get for their money—an absolute *quid pro quo.* I will endeavour to state to the Committee what my views in this matter are. I do not think that any member of this House can charge me with having ever uttered a single syllable from which could be drawn the inference that I believe the salaries of the public servants are too high. I have never been an advocate in this House for any large and indiscriminate cutting down of the salaries of the public servants. On the contrary, when Mr. Cowper had a retrenchment committee in 1859, being then a member of the Upper House, I was summoned as a witness by that Committee; and in my evidence, as recorded, I distinctly stated my impression, that as a whole the salaries of public servants were less than as a whole were the salaries of persons in private employment. I then said that I did not think that any person should be received into the public service at a less salary than £200 a-year. I was never an advocate for this indiscriminate retrenchment, which in my humble judgment has been too frequently forced by the Opposition on the Government of the day. I can say the same of my hon. friend Mr. Martin, and my hon. friend Mr. Wilson. With respect to my hon. colleague, Mr. Parkes, I am well aware that a point has been taken against him for a casual remark of his, which has been much exaggerated. [Mr. SAMUEL: Not casual: made over and over again.] It is alleged that my hon. friend expressed himself prepared to cut down the expenditure by £250,000. My hon. friend has already explained that what he had said was that a reduction of about £100,000 could be made. [Mr. SAMUEL: A quarter of a million.] Well, I persist in my statement, and the statement is as good as another until contradicted. My hon. friend is my authority. At all events my hon. friend and colleague when making that statement had not had the advantage of office. There is no other position which so teaches hon. members to be careful what statements they make. But the point of my remark is this, that the Government, or individual members of the Government, have never stood up in this House and made loud protestations of retrenchment.

Mr. FORSTER: How did you carry the estimates?

Mr. EAGAR: I admit that as a Government we have taken the obligation upon ourselves, which obligation is alluded to in the Speech delivered at the opening of Parliament. I do not hesitate to say to the Committee that any plan of retrenchment likely to be practical, or even to be received favourably by this House, must be framed in a spirit of justice to the Civil Service; and viewed in the spirit of

justice such retrenchment can only be effected through reorganisation of Departments. If Ministers contemplate any plan of retrenchment, the condition of justice must be at the root of it, and they are forced to the conclusion that such retrenchment must arise from reorganisation, and such reorganisation can only be arrived at from a personal knowledge of every department. I say, then, that this Government having been in office only from January of the present year, have not yet acquired that knowledge of every respective department which entitles them to say "here is a plan of reorganisation based upon justice." I admit the right of the Assembly to deal as it pleases with the public purse; I admit also that retrenchment, based upon reorganisation, is necessary. I am willing to admit—not that individual salaries are too high—but that by reorganisation numbers may be dispensed with. Then the question arises, what plan can be submitted to the House which comprehends the condition of justice, and presents at the same time such a reduction as would be worth having, and as the House would be likely to agree to? What the Government have done is this: they have had the advantage of considering the principle suggested by my hon. friend Mr. Cowper, who has had great experience of the public service and the affairs of Government—they find that the fairest mode in their judgment of dealing with this question, at present, and pending the needful reorganisation, is to take the principle laid down by my hon. friend, who says in his letter—"If you, as heads of departments, cannot point out reductions, I must take the affair into my own hands and make a per-centage reduction from all salaries." What, then, do this Government propose to do? They say this: If we remain in office——[Mr. COWPER: I think you had better carry out my whole proposition if that is the case.] We consider that as retrenchment can only take place by a thorough reorganisation, and as that reorganisation can only follow a personal knowledge of the working of every department, the least objectionable proposition the Government can make, pending reorganisation, is some such principle as that shadowed forth by Mr. Cowper in January, 1866. We propose a reduction of one-twelfth in the salaries of the public servants, beginning with my hon. friend the Colonial Secretary, and going down to the lowest grade in the public departments [Mr. BUCHANAN: And including the Governor.], except those whose salaries are secured by Act of Parliament, and with whom we cannot meddle in the Estimates. The sum by which the salaries will be reduced, if this proposition be accepted, is over £41,000. I may say to the Committee that the Government do not put forward this proposition as absolutely wedded to it. We acknowledge the right of the Committee of Supply to deal with the Estimates as they please; we admit the necessity for retrenchment in all the departments of the public service; and we submit our proposition to the Committee to deal with it in any way they may think proper. If they, after all we have heard of retrenchment, year after year, consider it desirable to save £41,000 next year, we furnish them with the means of doing so, by adopting our Estimates in the way they are submitted. But if the Committee, on the contrary, believe the salaries are not too high—if they think that the proposed form of retrenchment is not a suitable one—if they think the recommendation of the Government does not meet the exigencies of the case—I repeat it, we do not hold ourselves bound by the proposition we have submitted. It must not be supposed that some retrenchment has not, from time to time, been effected. Reductions in the public service have been going on continuously since 1864. The salaries voted in the Estimates of that year have been greatly diminished. In 1864 the total salaries voted for public servants on the establishment amounted to £557,035. In 1865 they were £540,579. That is, the salaries voted in 1865 were £16,456 less than the salaries in 1864. The salaries voted for 1866 were £524,513. That is to say, there were £16,066 less voted in 1866 than in 1865. The salaries for 1867, as proposed, amount to £473,835, being a reduction of £50,678 on the salaries voted for 1866. So that from the year 1864 downwards, the example set by the then Government, of which my hon. friend opposite (Mr. Forster) was Colonial Secretary, has been really followed by successive Governments, and there has been a gradual reduction in the salaries from 1864 to 1867. The reduction during the years 1864-65-66

and '67, supposing our proposition adopted, amounts to £83,200. So that while this demand for retrenchment has been continually made, some steps in the direction of retrenchment have also been made, both by the present Government, in the Estimates of 1866, and by the preceding Government, in the Estimates of 1865. It is right I should state to the House that this reduction of one-twelfth is only brought forward as a temporary reduction pending that full inquiry into the departments on which reorganisation must be based. The Committee will see that we have not taken one-twelfth off each salary, but off the gross amount for salaries in each department. Without sufficient opportunity for preliminary inquiry, this proposition of reduction is submitted, perhaps somewhat hastily, in the view of a great crisis—at a time of great financial difficulty—at a time when no man's position in this colony is safe—it is submitted at a time of peculiar difficulty—it is submitted at a time when every private income is likely to be reduced. It is under these circumstances, when the operations of trade are stagnant, when every individual outside the circle of official life is likely to be injured, when large losses are taking place, when convulsions in trade and large failures are taking place—it is under these exceptional circumstances, that the Government ask the Committee to consent to a temporary reduction of one-twelfth in the salaries of the Civil Service.

I have now to allude to the surplus which I have estimated we shall receive at the end of 1867, which I have put down at £310,077 0s. 10d., and it is a very satisfactory thing to know that that surplus is likely to exist. On the 1st of January, 1868, our Treasury bills mature. We have to pay on that date, £400,000 of Treasury bills and £100,000 of debentures, which will become due on 31st December, 1867, under the deficiency loan passed last session. In this particular case short-dated debentures were issued to the extent of £850,000, and £100,000 of these debentures mature on the 31st December next year, so that it is very fortunate that this surplus can be applied to meet this particular liability, without imposing upon the country any further taxation. I cannot help feeling it to be a matter for personal congratulation that this desirable result, which I believe will be carried out, does not arise from the operation of those fiscal principles, which characterise my hon. friend opposite (Mr. Samuel), and which were presumed to characterise the Government, of which Mr. Cowper was the head. This particular result, a surplus of £310,000 on the 31st December, 1867, does not result from the operation of any theories of free trade and direct taxation. On the contrary, it results from the adoption of those fiscal principles initiated by the Government of which I was a member, in December, 1863, and which were coldly looked on by the House at the time, but which are becoming the fiscal policy of the whole of the Australian colonies. I trust I may be pardoned if I say a few words on this point, because I had more than my share of public odium for what was at the time considered a failure. The main features of the fiscal scheme which I announced in December, 1863, were adopted by the Victorian Assembly in the early part of 1864, and after a long and painful struggle have at last become law. The scheme I refer to was based upon the principle of indirect taxation. In Queensland, we find the Government obliged to fly at last to indirect taxation, as the only means by which a large revenue can be speedily and equitably obtained from communities that number a comparatively small population. And what is the state of facts in Tasmania? An appeal is now being made to the country, which, I cannot doubt, will result in the confirmation of that principle of taxation which was introduced into this House in 1863, and which is now going the round of the whole of the Australian colonies. It appears to me that, in establishing its fiscal system, each colony has to regard its own revenue wants, and the supplying of these wants in exact accordance with the circumstances of its own position. The time has not yet arrived to carry out the doctrine of free trade and direct taxation in these Colonies, if we except direct taxation, through municipalities and for municipal purposes. But we find in the colonies, which, like ourselves and Queensland and Tasmania, have lived largely beyond their means, that the operation by which the largest revenue can be most speedily got and at the least cost, is that fiscal system which is founded upon indirect taxation.

And I cannot help saying that the uniform tariff which is predicted for the Australian colonies, will not be uniformity in the direction of free-trade and direct taxation, but uniformity in carrying out to its fullest extent a system of indirect taxation. We find in South Australia a system which embodies a 5 per cent. ad valorem duty, we have in this Colony a 5 per cent. ad valorem duty, in Queensland a 7½ per cent. ad valorem duty, and in Victoria a 10 per cent. ad valorem duty, thus completing that circle of fiscal agreement, the operation of which we now see going on in these colonies, and which is entirely opposed to the views of my hon. friend the member for Wellington.

My exposition of the state of our accounts during the years 1865 and 1866, and my gratifying announcement of a surplus of £310,077 0s. 10d. at the end of 1867, exhaust the first branch of my subject. But the question probably arises in the minds of hon. members, "If you have this surplus at the end of the present year, and a possible surplus of three hundred and ten thousand pounds next year, how is it, in the face of all these gratifying figures, that the Government is obliged to go into the market and compete with other borrowers?" It becomes my duty to show the Committee that, while the revenue is more than sufficient for our expenditure, we have been obliged to go into the market and borrow money. The reason we are temporarily embarrassed in our cash matters is this—we are obliged, from the proceeds of revenue, to carry on the public works that are chargeable upon loan. For a long time past there has been an absolute cessation of all sales of our debentures in the London market, and, as a consequence, that particular source of money supply is at present dried up. No debentures are sold, and we must either stop the public works, which would be a very dangerous thing to do—nay, would be the greatest calamity which could befall this country—or, make some provision to carry on necessary public works till more favourable times arrive. I think I have some reason to complain of the mode in which the hon. member for the Glebe placed the deficiency loan of 1865 upon the London market. In June, 1865, two Loan Acts were passed, under which £850,000 worth of short-dated debentures were authorised to be issued. The issue of £300,000 was authorised to meet a like batch of debentures falling due in January of the present year, and £550,000 to cover the defficiency of 1865. The provisions of the Loan Act were of this kind. It was desired by the Legislature of the day so to frame these debentures, that they should be payable within a certain term of years. They were short dated, and issuable for ten years. The intention of the Legislature was, that £100,000 of these debentures should be paid off every year. The mistake that the hon. member for the Glebe made was, that instead of issuing his loan for the entire term of ten years, he issued it in a series of debentures. That is to say, a loan of so much, maturing the first year, and so much, the second year, and so much, the third year, till the loan was exhausted. The debentures were issued and were sent to London—£400,000 on the 20th August, 1865, and £300,000 on the 21st September, of the same year. Perhaps it is as well that I should state to the Committee the exact shape in which these debentures were issued. The Loan Acts were passed in june, 1865, authorising the issue of £850,000, and the dates on which payments were to be made in reduction of the loan, are specified in the Acts. £100,000 were to be paid off on the 31st December, 1868, another £100,000 in 1869, and another £100,000 in 1870, £60,000 in 1871, £90,000 in 1872, £100,000 in 1873, £100,000 in 1874, and £50,000 in 1875—making altogether £700,000. The hon. member kept back, no doubt from proper reasons, £150,000. Well, £700,000 of short-dated debentures, issued in a series of eight years, were sent home, £400,000 in August 1865, and £300,000 in September of the same year, accompanied by the instructions of the hon. gentleman. The sale was left to the discretion of the Oriental Bank, and without any suggestion as to their quitting them at a reasonable limit. I do not, by this statement, in any way intend to impute blame to the hon. member opposite. On the 21st August, 1865, the hon. member in sending home the first portion of the short-dated deficiency loan, did not express any particular desire to the Oriental Bank, in London, to realize; his advices were in these terms: "for your guidance in the disposal of these debentures, I beg to refer

you to my letter of the 21st April last, No. 90, in which I conveyed to you, in general terms, the views held by the Government as to the limit within which the sale of our securities should be confined; but at the same time to reiterate my assurance that we have no desire to fetter the action of your establishment in the matter, or to interfere with your discretion." And in his letter of the 21st September, 1865, he says :—"In the sale of these debentures, as well as those already in your hands, and in transit by the last mail, I continue to rely with confidence upon the same regard being had to the interest and honor of the Colony, which has hitherto characterised your management of the financial agency." I read these letters to show that if there has been a delay there has been no pressure placed on the Oriental Bank to sell those particular debentures.

Mr. SMART : What pressure could I put upon them ?

Mr. EAGAR : I am not endeavouring to cast censure on the hon. member opposite, but merely desiring to establish the fact that no pressure was placed upon them. Those debentures were sent home in August and September, 1865, in two lots ; and the Oriental Bank attempted to place the loan, as a whole, on the London market in March, 1866, when the Bank of England rate of discount was at 7 per cent., about the lowest rate during the year. The quantity actually sold of the loan was £8,100, at an average of 94¼, and £24,600 at 91, the total sales being £32,700. The long-dated debentures were sold at the same time at 88, showing that those other debentures, under ordinary circumstances would have been saleable.

Mr. SMART : Why did they not sell them ?

Mr. EAGAR : I am not mentioning this non-sale as a matter of reproach, because if I had been in the hon. member's position I might have fallen into the same error as to the form of the debentures. I do not say, that the hon. member did not act to the best of his ability, but I want to show, as I shall presently, that the unfortunate mode of issuing these debentures, in a series of eight years damnified the whole operation. To show this, I shall quote a communication I received from the Oriental Bank, in London, through the Sydney Office :—

Oriental Bank Corporation,
Sydney, 19th May, 1866.

The Honorable the Colonial Treasurer,—

SIR,—In continuation of my letter of 17th April last, I beg to communicate the following extract from a letter received here from our head office, bearing date 26th March, 1866.

"We advised you by telegraph, that our endeavours to place the short dated debentures have been unsuccessful, and it becomes necessary now to discuss such of the causes of failure as the Government have the power to remove, with a view to a more satisfactory result.

The amount of debentures placed was only £32,700 as per memo. endorsed, the entire amount applied for at any price having been £58,700.

From this it would appear that the loan was entirely unpopular, and although a certain adverse effect was no doubt produced by the state of our money market, and by the advertisement of the Chilian and New Zealand loans immediately after ours, yet we cannot but admit that the principal reason for our failure was the unmarketable form of the bonds.

"We enclose a copy of our advertisement (one was sent you last mail), and would say that in consultation with the brokers the minimum prices for series 1, 2. and 3 were fixed at 95, 92½, and 91 respectively, for £100 debentures. We need not now, however, discuss the propriety of these prices, as the small amount of bonds applied for at all, shows that this had nothing to do with the want of success.

A person unacquainted with the preferences and prejudices of the Stock Exchange would naturally suppose that a loan investment issued at a discount, and of which more than a tenth part was to be paid off every year, could not fail to be attractive, and there is no doubt but the principle of a sinking fund properly applied does make an investment popular; but in this case the bonds were all of different terms, and there was not an amount sufficient of each term to make a market, so the dealers would not touch the bonds, not one of those who have done so largely in New South Wales securities having applied.

What we would now recommend the Treasurer to do, is to issue under the Acts No. 4 and 5 Vic. 29, £850,000 of bonds, all falling due within ten years, as provided by these Acts, with coupons attached to each for the whole period, and forward these securities to us in exchange for those we now hold—at the same time giving us authority to invite subscriptions for the bonds payable by instalments extending over a certain number of months, and authority also to pay off £100,000 per annum or thereabouts, on the 31st of December in each year, commencing in 1867, such payments to be determined by drawings. This introduces a speculative element, and we are advised that such a concession would fully command its value on the Stock Exchange, and tend greatly to make the loan successful.

A further sum of £6,500 of the long-dated debentures has also been disposed of at 88.

Usual monthly memorandum, showing the state of the Government account with this Corporation in London as on 26th March last, is herein enclosed.

I am, &c.,
(Signed) S. MURRAY,
Acting Manager.

I am only bringing these facts forward to show that a certain number of circumstances led to the failure of this particular loan, and deprived the Government of the day of this large sum of money. The hon. member opposite committed an error of judgment.

Mr. SMART: I deny it—the House did it.

Mr. EAGAR: Well, suppose we shift the blame to the House, and say that the hon. member is not responsible—that he presents an example of a responsible Minister of the Crown disclaiming responsibility! Under the Loan Acts of 1865, £700,000 of debentures were issued in a particular form; that is to say, instead of the whole loan being issued for ten years for the aggregate sum, with a provision to pay off £100,000 a year, a series of debentures was issued for successive years, and three of those series comprehended such small amounts as £60,000, £90,000 and £50,000, and the Manager of the Oriental Bank Corporation in London says that the amount of each series was not sufficiently large to tempt the speculators on the Stock Exchange, and that consequently the loan failed. The Government decided to follow the advice of the Manager of the Oriental Bank, and have issued new debentures for £850,000. Those debentures are issued for the full term limited by the Act. But there is this provision, that the whole of the £850,000 authorized to be raised, will be paid off as follows (this is contained in the body of the debenture, and forms part of the contract between the Government and the purchaser):—£100,000 on the 31st December, 1867, and £100,000 on the 31st December every year thereafter until the year 1875, which exhausts the term. The debentures to be paid off each year are to be determined by an annual drawing, for which provision is made. By this form of debenture the recommendation of the Oriental Bank has been strictly carried out. These debentures were sent home by me, £425,000 on the 22nd June, 1866, and £425,000 on the 23rd July in the same year. One of my principal reasons for delaying the financial statement so long, is that I was anxious to be able to inform the Committee what probability there was of the new issue being sold, and at what rates. The moment we received advice on the 23rd May of the failure in reference to these debentures, we took steps to replace the loan, and of those steps Mr. Murray of the Oriental Bank here advised the London office. I did not think it expedient to delay longer the financial statement, but I hope that the mail of next month will bring us satisfactory intelligence in regard to the disposal of the new issue. I have, however, received an extract from a letter from the Oriental Bank, in England, expressing gratification that they had been enabled to offer suggestions which the Government of this Colony had thought it expedient to avail themselves of. Until the next mail arrives we shall not be in a position to say whether this new issue will take with the London speculators or not. Well, in May of this year, this was our position—a large supply of money that we had a right to expect from the Deficiency Loan of £850,000, was not forthcoming. This loan having failed, for the reasons I have mentioned, it became incumbent on us to consider how best to carry on the public works, for neither this House nor the country would have been satisfied if necessary public works had not been carried on with some degree of rapidity. I need scarcely point out what alarming consequences would befall us, if the public works were suspended—what a large number of persons would be thrown helpless on society—had such a result been determined on. So that we had reasons of great magnitude compelling us to resort to some means of raising money, to carry on the public works up to the end of the year. I shall now take the opportunity of pointing out how we stand in the matter of contracts. When the hon. member for Wellington (Mr. Samuel) made his statement last year, he correctly said that the contracts then outstanding amounted to £1,084,995. Since that date the only additional contract which has been taken—and which was unfor-

tunately taken on the 18th day of May, before we received the news of the failure of our loan in England—was for a portion of the Great Western Railway extension, £256,000. The contracts, at present outstanding, amount to £1,340,995; so that we had to cast about to find means to pay for so much of these contracts, as in the natural course of things would be carried out by the 31st December of this year. Before I go any farther, I wish to show how our cash account stands. I can show two things. First, the revenue bears all the ordinary demands on it; and second, that the moment our debentures are realised we shall have £469,616 7s. 9d. to get back from the loan account. The state of the cash account—and hon. members will see it is a very different thing from the account of revenue and expenditure—up to the 22nd September, 1866, stands in this way: I now read from an abstract of our general account in the Bank of New South Wales. We commenced on the 31st December, 1865, with a cash balance of £106,155 3s. 8d.—a very good balance indeed; and I shall presently show what has become of it. We received on account of the Consolidated Revenue £1,330,934 7s. 6d., and as part of the loans lately negotiated by me, £70,000. Up to the 22nd September we have received in all, including Loans account proper, Lodgements, Church and School Fund, and Civil Service Superannuation Fund, £1,616,168 8s. 4d.—a very large aggregate sum, and very promising as to the collections for the rest of the year. I shall now show how that has been disbursed: Out of our revenue proper for the year, we have paid for services chargeable upon the year, £1,071,622 3s. 8d.; so that if we take the revenue of the year, as far as it is collected, and contrast it with the expenditure, as far at it is made, we shall find a balance in favour of the revenue of £259,302 3s. 10d. If, then, we had nothing to do but pay the proper expenses of the year, we should have a very large surplus; but we have had to pay £154,303 17s. 2d. for the services of previous years, so that these services have more than absorbed the large balance, which my hon. friend opposite handed over to his successor. We have paid £42,300 off the advance made by the Bank of New South Wales on Treasury Bills; we have paid off certain of those bills to the extent of £14,300, and on the loans account we have paid £346,813 7s. This is a large payment out of the revenue, on loans account, and by means of it we owe as a debtor balance on lodgments, £121,755 14s. 5d.; on Church and School fund, £8,500 0s. 6d.; and on Civil Service Superannuation fund, £7,761 14s. 10d.; and these leave us, besides, with an overdraft of £63,089 14s. 4d. in the Bank of New South Wales, on the 22nd ultimo. Hon. members will at once see, that if we had simply to discharge the current expenditure with the current revenue, we should have a quarter of a million of money in hand. But we have been obliged, in consequence of the non-sale of our debentures, to pay from revenue the expenditure proper to loan account, and these disbursements, on that account, amount for railway works to £40,000 per month. When our debentures are disposed of, we have to get back from the loan account, the large sum of £469,616 7s. 9d. £230,074 0s. 4d. of that belongs to revenue; £106,452 13s. 1d. will replace lodgments; £63,089 14s. 4d. bank balances; £50,000 loan, Mutual Provident Society; and £20,000 loan, Savings' Bank. So that our position has been one of temporary embarrassment only. We have a large income, coming in freely; and we have an expenditure that does not keep pace with our receipt of revenue. But having to carry on these public works out of our revenue, exhausted it so far as to render it necessary in May and June—when the news was received that the debentures of this Colony could not be sold in London—to cast about for some means of raising a loan on equitable terms, in order to carry on the public works to the end of the year. I will tell the House the conditions on which these loans are made. We have borrowed altogether £200,000—£100,000 from the Savings' Bank at 6 per cent., and £100,000 from the Mutual Provident Society at 8 per cent., the average interest on the whole amount borrowed being 7 per cent. When Queensland comes down here and borrows money at 10 per cent., and we are paying 11 per cent. in London, the great money-market of the world, I think our negotiating a loan at 7 per cent., did the Government

no discredit. And I am now selling Treasury bills, in lots of from one to six thousand pounds, at par; which fact is another proof of the good opinion entertained of the public securities of this colony. When my hon. friend opposite moved the other night for the papers in reference to the loans negotiated with the Savings Bank and the Mutual Provident Society, I did not delay the production of those papers from any disrespect to the hon. gentleman, but because I thought it unnecessary to disturb the public mind by premature disclosures, which would have to be made when the financial statement was delivered. The arrangements too were then pending; and I thought it would not be right to accede to the hon. gentleman's request, that I should then lay the papers on the table. I will now read to the House, a statement of the arrangements made with the two institutions I have named. Before doing so, however, I will mention to the Committee what will be accomplished by these loans, in the prosecution of our railway works. This £200,000 will carry on these works to the end of the year—will allow time for the sale of our new loan—will give us breathing time, as it were—and what we shall accomplish is this:—my hon. friend, the Minister for Works, informs me that the permanent way on the Great Western extension, will be laid to Bussy's, and, if the carriages arrive in time, will be open for traffic at the end of the year. On the southern line it will be laid to the Fitzroy Iron Mines, and will be actually open for traffic by the first day of next year. And this gratifying result will be the consequence of our borrowing this money, at the moderate interest of 7 per cent. I now desire to inform the Committee of the nature of the arrangements made with respect to these loans. I think it is only necessary for me to read my applications to the Mutual Provident Society and the Savings' Bank, and their replies, as I intend to lay the whole of the papers on the table. I may say, looking at the results attained, that I consider it a fortunate thing that so far back as July I was able to get this money. The Government could not get it now. The circumstances are entirely altered—but that is a question I shall touch upon, when I speak of a National Bank. On the 20th July, 1866, I wrote the following letter to the Manager of the Savings' Bank:—

The Treasury, New South Wales,
20th July, 1866.

The Managing Trustee, Savings' Bank,—

Sir,—In transmitting to you, herewith, Treasury bills for £15,700, which the Government are under an obligation to hand to you this day, I am directed by the honorable the Treasurer to state, for the information of the Trustees, that, in terms of the 17th clause of the Savings' Bank Consolidation Act of 1862, he is prepared to receive on deposit in the Colonial Treasury such portion of the funds of the bank up to £100,000, as may be available for the purpose, on such terms and conditions as may be mutually agreed upon.

The Treasurer notices, from the balance-sheet of 31st December, 1865 (which had been forwarded to him for the approval of his Excellency the Governor), that a large sum of money is lent on Queensland debentures, which cannot be regarded as preferable to the public securities of this colony. He notices also, that upwards of £200,000 are deposited with certain English and Colonial banks. Without desiring to question their soundness, the Treasurer conceives that the claim of the Government to a large proportion of the Savings Banks' deposit, at a fair rate of interest, is superior to that of any private institution, and, having in view the official connection which subsists between the Government and yourselves, he anticipates that no difficulty will arise in making such arrangements as will afford, on the one hand, the best security to depositors, while, on the other hand, the accommodation to the Government, in the prospect of a great financial pressure, will enable them to avoid interruption to the progress of necessary public works, and thus directly benefit the industrial classes, on whose continuous employment your deposits must largely depend.

I have, &c.,
(Signed) HENRY LANE.

To this letter I received the following reply:—

Savings' Bank, Sydney,
31st July, 1866.

The Under Secretary to the Treasury,—

Sir,—In acknowledging the receipt of your letters, S. 193–3204 and S. 205 of the 20th and 24th instant respectively, I have to state, for the information of the honorable the Minister for Finance, that, at a special meeting of the trustees, held yesterday, the following resolution was adopted, viz.:—"That the trustees of the Savings' Bank are willing to deposit in the Colonial Treasury a sum not exceeding one hundred thousand pounds, at the rate of six per cent. per annum, payable half-yearly, in such amounts and at such intervals as may be mutually agreed upon, on condition that the Colonial Treasurer will deposit with the trustees debentures to the amount of one hundred and fifty thousand pounds as security therefor, with the right reserved to the trustees to pledge or sell the whole or any part of such debentures at

their discretion; and on the further condition, that the Government will indemnify the bank from any loss which it may incur, by reason of having to raise money on these securities.

I have, &c.,
(Signed) GEO. O. ALLAN,
Managing Trustee.

I may say that these stringent conditions were imposed because there was then a doubt as to whether the news from London would not cause a run on the Savings' Bank. I need scarcely say that the news was not of such a nature as to cause that inconvenience. I then had a personal conference with three of the Directors of the Mutual Provident Society, and on the 1st August last they wrote to me the following letter, which embodies what took place at that conference :—

Australian Mutual Provident Society,
New Pitt-street, Sydney,
1st August, 1866.

The Honorable the Colonial Treasurer of New South Wales,—

Sir,—I have the honor to inform you that the proposition submitted by you to a deputation from this Board was finally considered at a meeting of the directors held yesterday, and I am now authorised to state that the Society is prepared to advance to the Government of New South Wales the sum of fifty thousand pounds (£50,000) for the period of twelve calendar months; interest at the rate of eight pounds (£8) per cent. per annum as an overdraft against one hundred thousand pounds (£100,000) stock of 5 per cent. debentures of this colony, to be placed in the hands of the Society for sale. The Society to be at the same time duly appointed the agent for the Government for the sale thereof, at a limit of ninety pounds (£90), provided,—

1. That the loan be advanced in the following manner, viz. :—

By an instalment of ten thousand pounds (£10,000) on the 5th August current, and by further instalments thereafter of such amount and at such intervals as is convenient to the Society, the whole sum of £50,000 to be paid, however, not later than the 11th October next.

2. That interest on the sums so advanced be paid on the 1st day of January, and first day of July hereafter, during the continuance of the said loan, or so long as any of the said advances shall be unpaid, with proportionate interest on payment of any principal money, should it not be paid on either or any of the above-named days.

3. That the Society be authorised to charge a commission of one-half per cent. on all sales of debentures made through its agency.

I have the honor to be, Sir,
Your obedient servant,
(Signed) A. J. RALSTON, Secretary.

I made that arrangement for the first £50,000, and subsequently obtained the second £50,000 on the same terms. As I before said, I shall lay these papers on the table, and move that they be printed, so that the Committee may be fully cognisant of the details of those arrangements, which I made in the public interest, and by which I procured the money to carry on the public works to the end of the year. I now desire to inform the Committee, in what way I have provided for the interest on debentures due on the 1st January next, and in entering upon this subject I may say it was without the slightest disrespect that I declined a few days ago to give information on the subject, when requested by the hon. member for Wellington. I delayed giving the information because arrangements were then pending, and it would have been scarcely prudent to make them public until they were completed. The Committee are aware that the Government in March last sent home £150,000 to pay the interest due in July then following. With reference to the like sum, due 1st January next, I had a right to calculate on receiving the money, in London, from the sale of debentures—the Loan account being so largely indebted to revenue. But there being no sale for debentures, and our London account being heavily overdrawn, I had to devise other means to meet this liability, and I succeeded in making arrangements, before the departure of the last mail, with the Bank of New South Wales, to obtain from them, before the departure of the next mail, their draft for £50,000; and I also arranged with the Oriental Bank, between this and the 31st December, to pay them £100,000, they guaranteeing, on these conditions, to pay the interest due on debentures in London, on the 1st January. This £150,000 will have to be repaid to the Treasury here from the first sale of debentures. The following letters will explain fully the details of those arrangements :—

The Treasury, New South Wales,
22nd September, 1866.

The Manager Oriental Bank Corporation, Sydney.

Sir,—I am directed by the Honorable the Treasurer to acknowledge your letter of the 14th instant, and in reply to that portion which states that you are instructed to communicate with the Government to provide for the half-yearly interest, due the 1st January next, on debentures and Treasury bills, which your London directors express themselves averse to

advance, I am to inform you that the following arrangements are proposed for such payment in which I am to invite your concurrence :—

The Treasurer undertakes :—

1. To hand to you in time to remit by next month's mail to London, a bill of exchange, drawn by the Bank of New South Wales on their London office, for £50,000, to mature on the 28th December next; and,

2. To pay to you, on or before the 31st December next, the sum of £100,000. You, on the other hand, undertaking :—

1. That your London office, in consideration of the provision so to be made, shall pay the interest due in London on the debentures and Treasury bills on the 1st January, 1867; and,

2. That so soon as debentures are sold by your London office to the extent of £150,000, that sum shall be placed by you at the disposal of the Government here, in a way to suit our mutual convenience, without reference to the state of the London account.

I am further to inform you, in respect to the large value of debentures held by your London office at the date of their latest advices, that it appears to the Government, in view of the high rate of interest payable on your London advance, and having regard to the imperative necessity of the cost of public works being defrayed from the source which Parliament has provided for the purpose, that it would be desirable to place the whole of the debentures in your hands upon the London market, at a price even below that recently communicated to you. Under any circumstances it would meet with the approval of the Government, if, in the exercise of the power contained in the subsisting agreement, your London office realized without further delay, sufficient debentures to cover their cash advance, without reference to the price obtainable for the same.

I have to request an acknowledgment of this communication before the departure of the outgoing English mail.

I have, &c.,
(Signed) HENRY LANE.

In reply to that letter I received last Saturday the following :—

Oriental Bank Corporation,
Sydney, 22nd September, 1866.

The Honorable the Colonial Treasurer,—

Sir,—I am in receipt of your letter, S. 252, of this date, notifying the arrangements proposed for meeting the interest due in London on 1st January next, and requesting we should undertake that our London office will pay the same; also, expressing the wishes of the Government in connection with the disposal of the debentures, which shall be duly communicated to our head office by the outgoing mail.

In reply, I have only to state that, on completion of the arrangements as therein specified, I shall be prepared to comply with your request.

I have, &c.,
(Signed) S. MURRAY, Manager.

I yesterday received the following letter from the Bank of New South Wales :—

Bank of New South Wales,
Sydney, 26th September, 1866.

The Honorable the Treasurer,—

Sir,—As arranged, we shall be prepared to hand you, before departure of the next overland mail, our drafts on London for £50,000 (fifty thousand pounds), payable there on the 28th December as part provision for your interest falling due on the 1st January next.

I have, &c.,
(Signed) CHAS. M. PALMER,
For the General Manager.

On sending this letter to the Oriental Bank, I received the following reply :—

Oriental Bank Corporation,
Sydney, 27th September, 1866.

The Honorable the Colonial Treasurer,—

Sir,—I am in receipt of your letter, dated 26th instant, S. 260, requesting, in consideration of the Government binding themselves to carry out the arrangements detailed in your communication of 22 idem, S. 252, we should undertake that the interest on debentures and Treasury bills payable 1st January next will be duly met, and enclosing copy of letter from Bank of New South Wales, engaging before departure of the next overland mail to hand you draft on their London office for £50,000, to mature on the 28th December next, and which draft you undertake to transmit to us in terms of the agreement above referred to.

In reply, I beg to inform you that the proposed arrangements having so far been carried out, I have pleasure in acceding to your request, by herewith guaranteeing payment of the aforesaid interest and shall not fail to advise our Directors in London to that effect by the ensuing overland mail.

I have, &c.,
(Signed) FRED. CROZIER,
For the Manager.

By the last mail I understand that instructions for the payment of the interest were virtually sent home. It was utterly impossible that I could remit this £150,000 in one sum, and at one time, and therefore these arrangements were made with the Oriental Bank; and if, in the meantime, there is a sale of debentures to this extent, the money is to be refunded to the Treasury. It is of importance that I should call the attention of the Committee to the amount of overdraft due by the Government to the Oriental Bank, which by the last advices is £837,748 8s. 3d., and against which they hold about £2,000,000 in debentures, including those of short dates. For this sum the Government have, by the last advices, to pay an

interest of 11 per cent.—a rate obviously ruinous to the country. Under the arrangement made with the Oriental Bank Corporation, by the honorable member for the Glebe, as Finance Minister, in 1865, two things were conditioned—that the advances of the bank at one time should be limited to £250,000, and that the bank should have the power at any time to sell sufficient debentures to cover their advances, without limit as to price. This power the bank has not yet exercised, and their account against the Government has risen from half-a-million to over £800,000. It would no doubt have been better for the Colony, if the bank had exercised this power of sale; but with a view, as they allege, to maintain the credit of the Colony, and not desiring for that reason to sell at a low rate, they did not press our debentures upon the market. Matters having arrived, however, at such a stage, that claims are made upon us that it is almost impossible to meet, we have decided to give the bank, in order to close this heavy charge upon us, instructions to sell sufficient to cover the overdraft, at current rates. Things are in this anomalous position, that while we are able to borrow in this city at 7 per cent., we have to pay this charge of 11 per cent. in London. The Government have no desire to reflect upon the Oriental Bank for what may yet prove to be the exercise of a wise discretion in delaying their absolute power of sale, but, having regard to all the circumstances of our position, it was considered right to send home a letter by last mail, stating the desirability of placing the whole of our debentures in their hands on the London market, at a price even below that already indicated to them. [MR. JOSEPH: The whole of the £2,000,000?] Yes, the whole loan. Two or three months ago we consented that the Oriental Bank should sell even at 80, fixing that as the minimum; but we have now written to Mr. Murray (and I have read the letter to the Committee), expressing the opinion of the Government that it was desirable to place the whole of the debentures upon the London market, if they brought a price even below that. In short, in our position, with over £800,000 overdraft, increasing every week, with no sale of debentures, and paying for interest 1 per cent. beyond the Bank of England rate of discount, it is such a drag upon the Finance Minister that the Government have thought it right, at all risks of the market, to close this account. It acts as a dead weight: our debentures are tied up, and we can make no arrangements of any kind. Our instructions therefore are of a positive, definite, and peremptory character—in order to get rid of this enormous overdraft—to sell our debentures even at what in ordinary times would be considered a sacrifice. It would be better, in my opinion, to sell even at 50, and get rid of this burthen, coupled as it is with such a heavy interest. It may be interesting to the Committee to know in what way our debentures are placed. The debentures actually sold and constituting our public debt amount to £5,240,030. There are for sale in London, held by the Oriental Bank, £2,006,300. These, with debentures held in this city as security for temporary loans, and those not issued, make a total of £8,240,330, the actual public debt on debentures being five and a quarter millions in round numbers. In June, 1865, the debentures (long dated) sold at 93, and the price has gradually fallen to 88, and there has not been a single debenture sold in June and July last.

I have now got through I trust, without trespassing very much on the attention and patience of the Committee, with what properly speaking would constitute my financial statement. But before I sit down I desire to say a few words with reference to the establishment of a Government Bank of Issue—not that the head of the Government, at the present moment, contemplates introducing to the notice of the Committee, any proposition for the establishment of an institution of the kind, but because the present extraordinary and anomalous state of affairs has naturally given rise to much discussion on this particular question. The matter has been agitated a great deal in this city, and many individual members of the House have pressed it on the notice of the Government. I therefore think that, under these circumstances, and in the face of what promises to be a very alarming crisis, I should be wanting in my duty to the House and to the country, if I failed to lay before the Committee the views which I entertain with reference to the

establishment of a National Bank. The idea of a National Bank is not a new idea in this colony. In 1852, before the introduction of responsible Government, when we had a single Chamber comprehending many very eminent men, highly distinguished for their talents and information on this and kindred subjects, there was a Select Committee appointed to inquire into Currency and Banking, and this Committee, on the 1st of October, 1852, agreed to a report which was laid upon the table of the House; but, if I mistake not, no further steps were taken at that time to procure its adoption. A prominent and leading member on that Committee was the present head of the Government, and the chairman was the Hon. Mr. Murray, who is now the President of the Legislative Council. I think I am right in saying that, although this document bears the signature of Mr. Murray, it was, in fact, drawn up by my honorable friend Mr. Martin. This report seems to me, in some of its passages, to contain such sound principles on the subject, and, in some of its remarks, so nearly to depict the present state of affairs that, with the permission of the Committee, I will read one or two extracts:—

The daily experience of every one must satisfy him that the notes of Banks, on the solvency or stability of which no suspicion has been cast, are received in payment as readily as coin, and that, in the popular mind, the idea of a pound sterling is far more frequently represented by a pound note than by a certain weight of standard gold. Nothing can be more natural than that a piece of paper which is universally received as a pound should be popularly considered and treated as the substance, of which it is only the representative. Practically, therefore, the increase or the diminution of a bank-note circulation has the same effect upon the value and convertibility of property, and influences trade in all its countless ramifications in precisely the same way as an increase or diminution of the metallic currency would do, were there no paper currency in existence. In the latter case, with the withdrawal of money from any country, the property of that country must fall in value, and become less convertible than before, and the converse is equally unquestionable.

So long, therefore, as this power of expanding or contracting the currency of a country is left to private speculators, so long will the prosperity of that country be constantly liable to the most violent and disastrous fluctuations. There must always be in such a state of things a probability of trade and speculation being unduly stimulated at one period, and unduly depressed at another. An infinite number of unforeseen causes may, at any moment, induce private banking institutions to expand their issues to an extent wholly disproportioned to the metallic capital of the country, and thus bring about a state of feverish excitement, the sure forerunner of a fatal collapse. On many memorable occasions, both in this Colony and elsewhere, have crises such as these occurred, and from this cause; and we are but now emerging, by a combination of circumstances, most favourable and most unexpected, from a period of depression in which the hopes and fortunes of hundreds of our most enterprising colonists have been ruined beyond redress. In every well-regulated community the prosperity of its people should increase with the increase of its valuable products, for it is those products that really and truly constitute national wealth. We, however, in this Colony have seen the curious phenomenon of rapidly augmenting wealth co-existing with rapidly-diminishing prosperity. So long as, in 1840 and 1841, each wild speculator found one still wilder than himself to prey upon, the credit of the whole body was sustained; and, although coin was rapidly leaving the country, property was convertible, because unlimited credit kept an unlimited paper currency afloat. When the shock came, the credit of the community vanished, and with its disappearance a great part of the paper circulation vanished also. The consequences fell then, not on the speculators only, but on the entire community, and all because private joint stock companies were allowed to regulate that which itself regulates the general prosperity.

To prevent a recurrence of these evils, your committee have arrived at the conclusion that a National Bank of issue is absolutely necessary. The convenience of a paper currency is unquestionable. The wear and tear of coin in use is considerable, and its great weight renders it difficult to employ it continually in making any but the smallest payments. A paper substitute is, therefore, clearly desirable; but it should be a substitute issued as the coin itself is, by the State only; and issued to no greater extent than the amount of coin which the State actually has to give for it in exchange. A circulation thus based would have all the certainty and stability of coin, and all the convenience and facility of transmission of paper; and the prosperity of the country that possessed it would, instead of continually oscillating between the widest extremes, become steady, solid, and enduring. The peculiar circumstances of this Colony at the present moment render the time favourable, in an eminent degree, for the introduction of this radical and necessary change. Producing gold as we now do, here and in the neighbouring Colony, to the extent of £15,000,000 annually, there could be no difficulty in providing a currency sufficient for all our requirements.

How far it might be practicable or necessary at once to interfere with the issues of existing banking institutions, your Committee are not prepared to say. That their present power of issuing notes is inconsistent with the public wellare, your Committee, for the reasons already stated, are thoroughly convinced. That they should be confined to the only legitimate business

of bankers—the dealing in and not the creating of money—appears to your committee to be almost self-evident. If their functions can in any way be so limited without a direct prohibition, it would be desirable to adopt that course. Your committee think that this beneficial object can be in a great degree, if not entirely, effected by making the notes of the National Bank a legal tender everywhere except at the bank, and directing all payments to the Government to be made either in those notes or in standard coin.

The expense of such an institution as your committee have suggested might easily be provided for on the establishment of the Mint in Sydney, either by a seigniorage sufficient to support both establishments, or by making the bank the means of collecting the revenue from the gold-fields, by compelling the whole produce of those fields to be sold to the bank at a fixed rate. Into this important branch of the inquiry your Committee do not consider it within their province to proceed, as another Committee has been appointed to report upon it.

Your committee, in conclusion, would recommend as follows:—

1. That a National Bank of issue be established in Sydney, with a power to issue notes only in exchange for gold bullion, or the gold coin of the realm.
2. That the public accounts be kept in such bank, and all payments to the Government be made either in its notes or in the coin of the realm.
3. That the notes of such bank should be made a legal tender everywhere except at the bank.
4. That except as aforesaid the gold coin of the realm be declared the only legal tender in any payments beyond forty shillings.
5. That the establishment of any new bank of issue be absolutely prohibited.

Your Committee are of opinion that if the above recommendations be carried out our monetary circulation will be fixed on a basis so firm that none of the ordinary vicissitudes of commerce will ever be likely to disarrange it; and what is more, that at no distant day this Colony will become the centre of operations in this hemisphere, rivalling in magnitude those which have given wealth and grandeur to some of the noblest emporiums of the north.

Of course, I take these recommendations in the light in which they were made. Circumstances may have so far altered at the present time as to render it desirable to vary some of these propositions. But, at all events, what I contend for is this,—that what was desirable in 1852 is pre-eminently desirable at the present moment. If the Committee ask my reasons, they are these—because a crisis is impending, nay—has begun—and will, if not checked in time, go on to an alarming extent in this colony. And why? Because the banks have suddenly contracted their paper accommodation. For a long time past the banks in this colony have paid enormous dividends to proprietors by unduly stimulating the public credit; and after pushing it with great vigour for several years, there is now a sudden collapse, because the operations based on credit are now required to be realised by cash payments. I will show the Committee, by incontrovertible figures, that the banking business of the city is done upon a most erroneous, a most infirm basis,—and is liable at any moment to a crash of the most alarming and the most dangerous character. And when I say this, I do not hazard assertions rashly, and without having the means of proving them and without having had some personal knowledge and experience of banking business myself. Having regard to those sworn periodical statements which the banks publish by virtue of the existing law, and taking the nine banks in this city, I find that for the quarter ending the 30th of June, 1866, their notes in circulation were £690,076. Their fixed deposits—that is to say, money lying at interest, and which depositors can withdraw at the expiration of specified periods,—as contra-distinguished from "current accounts"—which are fed by discounts,—were £3,656,200, making the total liabilities of the banks, to the public, on these two particular items, £4,346,276. Now what had the banks on the 30th June last to represent this particular liability? In coin and bullion they had £1,188,480, or a little more than one-quarter. This is striking evidence of a most unsound state of things; and it proves that if a sudden demand were made upon the banks by their depositors, it would end in something like universal ruin. But I may ask, what necessity is there for the panic? The only damage done to financial interests in this city by the commercial crisis in England has been by the stoppage of the Agra Bank, and that does not amount to more than £60,000. What is the reason, then, that the banks should be so stringent, and suddenly insist upon cash payments? The reason alleged is that this Government has borrowed £100,000, and the Queensland Government has borrowed £200,000. These amounts having been suddenly and unexpectedly taken out of the banks, it is

stated that they are obliged to resort to the demand for cash payments. We find that the total assets of the banks on the 30th June were eleven millions; and is it credible that the banks, having such assets, should thus suffer by the withdrawal of £300,000 from their fixed deposits? Does it not prove that there is a rotten system of credit which has been patched up by the banks? If the withdrawal of so comparatively small a sum of money is to lead to these disastrous results—that is to say, the destruction of commercial confidence, and a consequent money panic, how unsound must the system be! These eleven millions of assets represent the squatting and agricultural property of the country, and the commercial and trading interests of the Colony, and yet the whole of the money of the country, in the coffers of the banks, is little over a million! This is the result which arises from unlimited paper accommodation, and the absence of all restraint upon the currency; and it imposes upon the Government of to-day or to-morrow the necessity of doing in this country, on a small scale, that which is done by the Bank of England on a large scale. It is high time for the Government to interfere, and to take into its own hands that right of creating and regulating the currency, with which it has improperly parted. By this sudden stringency of the banks every man's property is reduced in value. Property worth a hundred thousand pounds in value yesterday is not worth more than ten thousand pounds to-day. Not only are the people whose credit has been bolstered up ruined, but the industrious persons who depend upon them are also ruined. The speculators do not stand or fall alone; they are mixed up, more or less, with the general interests of the community. The moment the banks begin to press them the pressure is felt by everybody else, and the wealthy man of yesterday is reduced to be the poor man of to-day. A crisis, in fact, is initiated, and who then is to answer for the consequences? It must, I conceive, be a matter of the highest interest to the Committee to notice the relief which is afforded by the Bank of England to the public in times of money-panic and commercial difficulty. Referring to the course of events since the Bank Charter Act of 1844,—in 1847 there was a money-panic created by a bad harvest, and great speculations in corn and railways. The Government on this occasion authorized the Bank of England to increase its issue by two million notes. In 1857 there was a money-panic, consequent on the failure of American mercantile houses in England, and several large Joint Stock Banks. Here again the Government interposed, and extended the Bank of England issue by two million notes. Again—in the money-panic which occurred in England but the other day—and which may not yet have completely subsided, Mr. Gladstone at once consented to relax the Bank Charter, and permit an extended issue of two million notes. We have, unfortunately, in this Colony, no great State institution capable of affording substantial relief of this—or, indeed, of any other character. I hope I may not weary the Committee if I refer to the chain of events which preceded the Bank Charter Act of 1844. In 1797 the famous Bank Restriction Act was passed, which made the Bank of England note inconvertible. In 1819 another great Bank Act, known as Sir Robert Peel's Act, was passed, in which the bank note was again made convertible, and cash payments resumed. In 1844 Sir Robert Peel passed his Bank Charter Act, which revolutionised the financial system of Great Britain. Up to that time the issue of notes formed part of the business of the bank, but after that period the issue department was kept entirely distinct from the banking department. The Government, by this Act, gave the Bank of England power to issue 14,000,000 of notes, on the basis of public securities—these securities being held by the bank, for the debt due by the Government to the bank. Beyond this limitation—any further issue of notes is in exchange for gold bullion. The Bank Act of 1844 also compelled the Bank of England to give its notes in exchange for gold, the amount payable for standard gold being £3 17s. 9d. the ounce. There were, at this time, a great many private banks in existence, but many of them gave up their business of issuing notes, on being allowed 1 per cent. by the Bank of England for twelve years. This Act established the currency on a safe basis. It secured the convertibility of the note, and the effect of the safeguard imposed was, to preserve an equilibrium in the business operation

of the country. I should like to read to the Committee, from Hansard's Parliamentary Debates, some remarks made by the late Sir Robert Peel, when moving the second reading of this bill. It will then be my duty to show how such an institution could practically be brought into operation here. Sir Robert says :—

Some have contended, and I am not prepared to deny the position, that, if we had a new state of society to deal with, the wisest plan would be to claim for the State the exclusive privilege of the issue of promissory notes as we have claimed for it the exclusive privilege of coinage. They consider that the State is entitled to the whole profits to be derived from that which is the representative of coin, and that, if the State had the exclusive power of issuing paper, there would be established a controlling power which would insure, as far as possible, an equilibrium in the currency.

I read this to show, that if this eminent statesman's views could have been carried out in their integrity, the issue of paper money in England would have been confined to one great national institution. But he had to deal with a number of vested interests, in the shape of private and proprietary Banks, so that the principle of the Act of 1844 could not be carried out in its integrity. I apprehend that, in this Colony, no difficulty would arise under our simpler and less complicated system. Sir Robert further says, and this is the result of his own consideration :—

It appears to me that we have, from reasoning, from experience, from the admissions made by the issuers of paper money, abundant ground for the conclusion that under a system of unlimited competition, although it be controlled by convertibility into coin, there is not an adequate security against the excessive issue of promissory notes. We should infer, certainly from reasoning, that free competition in the supply of any given article will probably ensure us the most abundant supply of that article at the cheapest rate. But we do not want an abundant supply of cheap promissory paper. We want only a certain quantity of paper, not, indeed, fixed and definite in nominal amount, but just such a quantity of paper, and that only, as shall be equivalent in point of value to the coin which it represents. If the paper be cheaper than the coin, it is an evil and not an advantage. That system, therefore, which provides a constant supply of paper equal in value to coin, and so varying in amount as to ensure at all times immediate convertibility into coin, together with perfect confidence in the solvency of the issuers of paper, is the system which ought to be preferred. Now, unless the issuers of paper conform to certain principles—unless they vigilantly observe the causes which influence the influx or eflux of coin, and regulate their issues of paper accordingly, there is danger that the value of the paper will not correspond with the value of coin. The difference may not be immediately perceived—nay, the first effect of undue issue, by increasing prices, may be to encourage further issues; and as each issuer, where there is unlimited competition, feels the inutility of individual efforts of contraction, the evil proceeds until the disparity between gold and paper becomes manifest; confidence in the paper is shaken, and it becomes necessary to restore its value by sudden and violent reductions in its amount, spreading ruin among the issuers of paper, and deranging the whole monetary transactions of the country.

And then, with respect to the allegation, that to confine the issue of notes to a single government institution, would interfere with free trade in money, and unnecessarily restrict banking business, he says :—

Our general rule is to draw a distinction between the privilege of issue and the conduct of the ordinary banking business. We think they stand on an entirely different footing. We think that the privilege of issue is one which may be fairly and justly controlled by the State, and that the banking business, as distinguished from issue, is a matter in respect to which there cannot be too unlimited and unrestricted a competition. The principle of competition, though unsafe in our opinion when applied to issue ought, we think, to govern the business of banking. After the issue of paper currency has once taken place it is then important that the public should be enabled to obtain the use of that issue on as favourable terms as possible.

Having said so much on the Bank of England, I will proceed to show that some such institution, in so far as relates to the "Issue Department," would work well in this country. This Colony stands in a far more favourable position for a Bank of Issue than Great Britain does. We are, in point of fact, the only part of the British territory where gold is a native product, and where there is a Mint ready to convert it into sovereigns. In England, where all the gold used is imported, the quantity capable of being retained in the country, must entirely depend upon the exigencies of her foreign trade. Having no gold except that which is imported the amount of the precious metal held by the Bank of England represents the balance of foreign operations. But the state of things here is entirely different. We have gold as a commodity, dug out of the soil, and the quantity of gold in bullion or in coin, which we could keep in the coffers of the State Bank, would depend, not on the exigencies of our foreign trade, but upon

the certainty of the supply of gold—a natural product—being equal to the demand—that supply being apparently inexhaustible. Under these circumstances, the gold would remain in the coffers of the Bank of Issue, so long as the people had confidence in the Government, and took their notes in exchange for it. [Mr. SAMUEL: The Government does not get the gold.] I can only state my views, and the hon. gentleman will have an opportunity of expressing his views on the subject. I insist upon the striking advantage which this country possesses over Great Britain, for a Bank of Issue. The quantity of gold capable of being retained in this country as the basis of a paper currency, would not depend upon the same circumstances here as they do in England. Considering, then, that we have unusual advantages in this matter, I will now point out how such an institution might be brought into immediate operation. Any Act passed by the Legislature, to establish a Government Bank of Issue, must have a similar provision to that in the Bank Charter Act, namely, to give its notes in exchange for gold bullion. It would be necessary to abolish the gold export duty and the escort charge, and to promulgate a regulation of this kind—that all gold brought to the Mint, in exchange for notes, should be coined for threepence per ounce, or paid for at the rate of £3 17s. 7½d. per ounce. The digger would then sell his gold to the Mint instead of to the banks. At present, the freight and insurance of gold to England cost from 1½ to 2 per cent., subject to an increase of these charges, when a war risk is to be met. I speak advisedly, when I say, that with a Bank of Issue the Sydney Mint could give the highest price for gold, obtainable in the world. The Bank of England gives the Mint price for gold, less 1½d. per ounce. But although the Bank of England is compelled, by law, to give this price for standard gold bullion to the importer, he, the importer, on the other hand, is subjected to the cost of bringing it into England—and the freight and insurance may be stated at two per cent., which is a deduction to that extent from the price obtained for his gold. Here, on the contrary, the native gold brought by escort free to the Mint, and coined at 3d. per ounce, subjects the gold producer to a deduction of but 6s. 3d. per cent. from the price obtained for his gold. And this is what I mean by the Sydney Mint giving the highest price to the local producer. Assuming, for argument's sake, that our gold product for a year,—which may be valued at a million sterling—were exchanged in the course of the year at the Bank of Issue, through the Mint, for State notes,—there would then be a million notes issued, against a million sovereigns or gold bullion of equivalent value, held in the coffers of the Bank.

Mr. JOSEPH: What about exchanges?

Mr. EAGAR: I admit that there would be a demand for gold in the case of foreign exchanges, but for this purpose only; and what was taken out to-day would come in to-morrow. In Great Britain such a drain could only be supplied by the legitimate operations of foreign commerce, but here it would be supplied by the daily operations of the digger. Having by these means acquired a deposit of sovereigns, equal to the value of the notes issued upon the sovereigns so deposited, we could issue paper money to the extent of two-thirds, without a representative sovereign at all. We could do this far more safely than the Banks, the solvency of whose issue is subjected to the risks and hazards of a speculative banking business. In other words, if we had 100,000 sovereigns perpetually in our coffers, we could keep in circulation £300,000 worth of notes. Experience has shown, that on an average, in Great Britain, sixteen millions of Bank of England notes, on the lowest calculation, are perpetually out. That is to say, the requirements of the country keep afloat sixteen millions of Bank of England notes, which, under no circumstances, can be presented for gold. This has been ascertained from the recorded observations of a long series of years. In the same way it is shown here that our Banks can keep afloat £700,000 worth of notes. Now, what is to prevent the Government having the advantage of that issue? Looking at it on broad and general principles, this Bank must be established, sooner or later, to act as a controlling element, and on the ground of a great public necessity I say that the Bank ought to be established. But we may also look at it in another light—that it would act legitimately as an

assistance to the Government and to the public. I do not think that we ought to establish such a Bank, simply because the Government is in a difficulty; that is the mistake they have fallen into in Queensland; but I do say that having a gold product, having a Mint, and having a large recognized circulation, we would be fools and madmen to permit this engine longer to be used to feed the profits of private companies. In making this remark I would not desire to act in antagonism to the Banks, but I would endeavour to act in harmony with them. I would not willingly entertain the proposition to cancel the present circulation, without allowing time to elapse to call in the notes, and without compensation. In the earlier history of the Colony, when we had not much capital, it was a good thing for the country that individuals possessed of money formed themselves into companies and issued paper upon a convertible basis. But there is a time when the State must vindicate its own rights and privileges, and insist on issuing the bank-note, as well as stamping the sovereign. As I have already observed, I would give the banks compensation for cancelling their issue. I would give them twelve months to call in their notes, and say for seven or fourteen years I would allow them a compensation of two per cent. on their annual average issue. The gain which the banks derive from their note circulation is not capable of being reduced to a present money value, and does not, like the operations of the banks by discounts, show every half-year an amount of profit which is determinable. The gain of a bank-note circulation is not so appreciable as the gain of a bank by discounts. But I think the terms I have mentioned would be ample compensation. They would give the Bank of New South Wales, for example, not less than £4,000 a year. I believe that if the Government established a National Bank of Issue, the business of the country and of the Government would be so enlarged that the circulation instead of being £700,000 would, at no distant date, be a couple of millions.

I have now to return to the Committee my sincere thanks for the patience with which they have heard me, and for the marked attention which they have shown to a lengthened statement—necessarily abounding in many not very interesting details. But before I sit down I have yet a few words to say. I would be the last person in this community to address my hon. and learned friend and colleague the Attorney-General with the voice and in the language of flattery. It is the simple truth to say, that to my hon. and learned friend, the country is mainly indebted for the introduction of the Mint. His labours in furtherance of the social interests of the Colony. are before you—in the measures that have been passed during the present session of Parliament, and I doubt not he will accomplish much more, in other beneficial directions, should his tenure of office be anything of a lengthened character. But, beyond all this, what to me would be a source of the highest satisfaction, would be my association with my hon. and learned friend, whether as a colleague or as a private member of this House, in the promotion of what would most appropriately crown his political career—the establishment of a National Bank.

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE GEOFFREY EAGAR, made 12th September, 1867.

[*From the Sydney Morning Herald of* 13*th September*, 1867.]

LEGISLATIVE ASSEMBLY.

Thursday, 12 September, 1867.

FINANCIAL STATEMENT.

MR. EAGAR said: Mr. Garrett,—In commencing to make my financial statement, I think it desirable, as a matter of convenience, that I should state to the committee the order in which I propose to treat the several subjects, some of them of unusual importance, comprised therein. I adopt this course at the outset, because I think that it will be a means of rendering what I have to say in this statement more intelligible to hon. members generally. It will be my duty, in the first instance, to present to the committee an accurate statement of the public account for 1867. Having done that, it will then be my duty to lay before the committee full particulars of the loan account, with the view of showing whether the operations for the year 1867 result in a deficiency, or in such a surplus as may be fairly applicable to the extinction of the deficiency loan. I shall then, in the third place, have to lay before the committee an estimate of the proposed expenditure and possible revenue for the year 1868; and finally, it will become my duty to refer to the projected loan of £3,000,000, and to show the committee as well as I am able the provision the Government propose to make for the interest of that loan. In dealing with the first part of my subject—a statement of the accounts for 1867—I shall ask hon. members to go back with me as far as the year 1865, because at that point of time commenced our operations upon the new basis. All the deficiencies of former years up to the end of 1864 were wiped out by certain deficiency loans, and on the 1st January, 1865, we commenced with a clean sheet. I had the honor last year of making two financial statements, one on the 1st March, and a second on the 27th September. On the latter date I submitted to the then committee the accounts of 1864 and previous years, and with reference to the account for the year 1865, I was enabled at the close of that year to state a possible surplus of £28,177 12s. 5d. The account as stated previously by my hon. friend Mr. Samuel showed, I think, a deficiency on his then view of the account of something between £2,000 and £3,000; but I was enabled on the 27th September, 1866, in restating the account for the year 1865 to show that this estimated deficiency would become a surplus of £28,177 12s. 5d. I have now the pleasure of stating to the committee that by the operation of time, which has further developed the amounts of debtor and creditor, the surplus has risen from £28,177 to £38,133; and that which gives rise to this increased surplus consists in the savings, being, as now ascertained, larger than were calculated upon on the 24th September, 1866. Then the savings were estimated at £179,168 15s. 4d.; but I am now enabled to state that they amount to £191,496 8s. 3d., which enables me to show a surplus for 1865 of £38,133 12s. 2d. I have next to invite the attention of hon. members to the account for the year 1866, which I shall deal with in the same way, not troubling hon. members with many

details, the more important account being that of 1867. When I stated the accounts in September, 1866, I commenced the 1866 account with a credit balance of £28,177 12s. 5d., but by a more accurate and more recent view of the case, that balance is now estimated at £38,133 12s. 2d., thus increasing the surplus of 1865 by £9,955 19s. 9d. Looking at the debit state of the account hon. members will see we have had some increases in the public expenditure as shown by the supplementary estimates passed after the main estimates of 1866. For example, we had for the year 1866 an additional supplementary estimate of £16,708 13s. 1d., and a further additional supplementary estimate of £17,925 16s. 7d. We have also had further special appropriations, amounting to £15,664 1s. 9d., making a total increase on the debit side of the account of £50,298 11s. 5d. We have on the other hand, I am glad to say, an increase in the actual outcome of the revenue as compared with the estimated revenue. When I made my first statement on the 1st March, 1866, I then estimated the revenue at £2,084,511; but on the occasion of my making a second financial statement on the 27th September, 1866, circumstances had occurred which induced me to make a considerable reduction in my estimate of March. In 1866 the country was visited with droughts, and during the latter part of that year a severe monetary panic extended to this country and was productive of much commercial depression and distress. Under these circumstances I thought it right on restating the account for 1866 to reduce the amount of my former estimate, which I fixed at the latter date at £2,023,579 14s. 5d. I am glad to be able to state to the committee that this estimate has been exceeded by £7,170 18s. 10d., being the second occasion during responsible Government on which the actual collections of revenue have exceeded the estimate of the Treasurer. To the hon. member for Wellington (Mr. Samuel) belongs the credit of the first instance in 1865, when the collections of revenue exceeded the estimate of the Treasurer by £21,331 12s. 2d. My own case in 1866 is the second occasion on which the actual receipts have exceeded the estimate which they did in this instance, by £7,170 18s. 10d., leading, I hope, the House and the country to believe that the time has arrived when it is possible for a gentleman holding the office of Finance Minister to make an estimate of revenue which is likely to be realized. In this account for 1866 there are the following increases on the credit side of the account; an increase of £9,955 19s. 9d. on balance brought forward from preceding year, an increased actual revenue over estimate of £7,170 18s. 10d., and by the operation of time I am enabled to fix the savings of that year at £187,806 7s., against £113,315 15s. 2d. estimated by me in September 1866, making a total increase of £91,617 10s. 5d., against increases on the debit side, of £50,298 11s. 5d., and leading to this result, that, whereas in the former account I estimated the surplus at the end of 1866 at £70,564 0s. 10d., I am now enabled to state that this surplus will amount to £111,882 19s. 10d. I now come to the year which more particularly concerns us—1867; and if hon. members will turn to the account they will find a balance brought forward from the close of the preceding year of £111,882 19s. 10d. There are some changes on both the debtor and creditor side of this account since last submitted. I have, on the creditor side of the account, diminished the amount I formerly estimated as likely to be received for the revenue of the year, and I have added to the debtor side of the account supplementary estimates and other sums which have been voted since the former account was laid upon the table, and this is the position of the account: When the Estimates of Ways and Means of 1867 were laid on the table last year, the main estimates were stated as amounting to £2,013,992. The amount actually voted by the House was however £2,052,912 6s. 11d., making an increase on the main estimates of £38,920 6s. 11d. There are also some new items in this account as compared with last year. First there is a supplementary estimate of £107,442 5s. 11d., and further special appropriations to the amount of £17,201 18s. 4d., making altogether £163,564 11s. 2d. since the account of last year was presented to the committee. I have thought it right in restating the account this year, to reduce the amount of my expected income. In last year's statement I estimated the revenue at £2,253,505. I have seen reason

since to alter my calculation, and I have now to state the revenue as £2,164,624 18s., which makes a reduction on my former estimate of £88,000. I have also introduced into this account savings of £153,000, which are less than the average savings as ascertained by the last two preceding years. The supplementary estimate of £107,442 is a large one. I shall read to the committee a number of items. For instance, under the head of police there is included in this estimate £5,133; under the head of gaols, £4,193; charitable allowances, £6,609; Floods Relief Fund, £5,240; labour and new type required for printing electoral rolls for this year, £2,650; reception of the Duke of Edinburgh, £5,000; probable amount of Murray River Customs to be refunded, £15,000; disease in sheep, £7,744; registration of brands, £3,811; roads other than main roads, £4,622; harbours and rivers navigation, £4,218; public works and buildings, £8,229; roads and bridges (public works), £7,474; floods damage, £10,000. These are the principal items in this large supplementary estimate which the House will be asked to vote. The position of the account was increased on the debit side by the larger votes of the Assembly last year and these supplementary items, and diminished on the creditor side to the extent of £88,000, but increased by the ordinary amount usually taken for savings. The account stands thus: While in my former statement I estimated the surplus at £310,077 it is now shown to be only £251,951 6s. 8d., and as far as it is possible for any individual to judge of that which is not immediately before him, but for which he must wait four months, I believe I am justified in saying the House may fairly estimate that this surplus will be realised by the end of the year. Looking to the operations of 1865 and of 1866, I do not hesitate to express my conviction that on the 31st December of the present year we shall have a surplus of £250,000. I have great gratification in making this statement to the House, because, although the larger surplus of £310,000 is not likely to be realised, I feel confident that a surplus of a quarter of a million is certain. Now having gone through as briefly as possible the accounts of 1865, 1866, and 1867, I now come to what I may call the second division of my subject. This is a very important one; it relates to the deficiency loan account, and it will be my duty to show how the Government propose to meet the deficiency which I shall presently show in that account—whether by means of new taxation or such other means as we may be able to determine upon. Our deficiency loan account is comprised in the securities which have been issued under two Acts of Parliament, the Treasury Bills Act of 1864, which authorized the issue of Treasury bills to the extent of £400,000, to provide for the deficiency of 1863 and previous years, and the Debenture Act of 1865—the short-dated debenture Act, which provided for the issue of £550,000 for the services of 1864. I may state to the committee, what is possibly very well known to them, that the £400,000 loan was to meet the deficiency which had accrued under the Administration of Mr. Cowper, and the £550,000 to meet an estimated deficiency which had accrued under the Administration of Mr. Martin in 1864. These loans have been disposed of and are now maturing, and provision must be made to meet them. I proceed to state how that account stands. The Treasury bills became payable at the end of four years from the 1st January, 1864, and the short-dated debentures became due in annual instalments extending over nine years and a half, from the 1st July, 1865, but the obligations that will mature by the end of the year are as follows: I take the first payment under the short-dated debenture issue, which has to be paid on the 31st December, 1867, £100,000. I take the Treasury bills falling due on the following day, amounting to £398,500, and for reasons for which I will state directly, I take the second payment under the short-dated debenture issue due on 31st December, 1868, £100,000, making a total of £598,500. It becomes my duty to inform the committee how it is proposed by the Government to meet this large sum of money, whether by a new loan of any kind, or whether by taxation of any form that the Government may feel its duty to adopt. I consider that the House and the country are not placed in an unfavourable position in respect to this loan. We have realized from Treasury bills actually sold £398,000, and out of that realization, after paying the whole charges which these bills were

sold to meet there remains £11,637 2s. 11d. In alluding to these figures, I may call attention to a statement of account which has been prepared showing this result. It will be seen by the account current of Treasury bills representing the authorised services for 1863 and previous years that these bills realised £398,849 14s. 5d. After paying all the charges for which this money was raised, there remains an unexpended balance as already stated of £11,637 2s. 11d. If hon. members will now turn to the second account of the same character in relation to the short-dated debentures, — the account current of the issue of debentures under the authority of 29 Vic., No. 4,— they will find that after paying all the obligations for which this loan was contracted and sold, there remains an unexpended balance of £92,420 12s. 11d. I have then available to meet this large sum of £598,500, an unexpended balance of Treasury bills of £11,637 2s. 11d., which the House will see I can apply to no other purpose than the redemption of these bills, and £92,420 12s. 11d. unexpended proceeds of the short-dated debentures. With these sums, and the estimated surplus of 1867, which is likely to amount to £251,951, there will be available a sum of £356,008 towards meeting the large sum that has to be provided for, leaving a balance to be provided for of £242,492. In other words, when the 1st of January arrives, presuming my surplus to have developed itself, and this transaction to be completed, there will have been wiped out of this deficiency loan £356,008, leaving a balance of £242,492 to be provided for. The question is how is this to be provided for? Is the Government to propose to the committee any new taxation? Does the committee consider that for a deficiency loan of this particular character the Government should come down and ask the House to inflict upon the country taxation to the extent of a quarter of a million of money to meet it? I say the Government have no such intention. The Government have no intention of taxing the country to the extent of one penny to meet this deficiency, which arose under circumstances not likely to occur again in the history of this colony. This deficiency loan represents, in point of fact, the want of experience common to all finance ministers, myself included. It shows that in the colonies we have not yet learned how to manage our financial operations. We are learning daily. No doubt we are improving. No doubt the time will come when some eminent man will arise in this colony and develop qualities equal to those of any financier in the world. But that has not yet arrived, and while I assume no credit to myself, I say that my predecessors in office have made errors of a similar kind to mine. Now what is the nature of this deficiency loan for which we are called on to provide. Up to the end of 1863 the Governments of the country had never succeeded in raising sufficient revenue to meet their expenditure; and the year 1864 arrived when an investigation of the state of the public accounts took place and the result was the discovery of an enormous deficit. That caused the passing of the Treasury Bills Act to raise £400,000 to provide for the deficiency. Then as regards the short-dated debenture loan you can hardly blame us because we did not obtain from Parliament such an amount of taxation as would bring our expenditure to an equipoise with our revenue. We made great efforts, and carried through this House a tariff which would have given us a quarter of a million, and which would have saved us from the necessity of that loan. But that tariff was rejected in another place and as a consequence, from no fault of ours, the provision was not made, and the deficit became greatly enlarged. This deficit having arisen under circumstances, which I will venture to say are not likely to occur again, we should be positively criminal if we were to meet such an exceptional case by new taxation, which would be applied to entirely different purposes. Therefore, the Government do not intend to introduce any new taxation to deal with this matter. I will now show how we propose to deal with this balance of £242,492 on the deficiency loan account, which I shall call in round numbers a quarter of a million. I say this, that as we have in this present year (1867) a quarter of a million of surplus to apply to extinguishing this loan in part, we shall cast upon the surpluses of succeeding years the extinction of the remaining portion. We have a right to calculate on a surplus in succeeding years. We have passed through

much adversity and may now look forward to more prosperous years. We have a right to calculate on largely extending all branches of industry, on a larger agricultural population and a larger amount of agricultural produce, and having regard to all these things I think we may say that for several years to come we are likely to have a considerable surplus every year. I propose, therefore, to cast the extinction of this loan on the surplusage of succeeding years. Hon. members may say, "How do you propose to do it?" Certainly not by a short-dated loan. I think that is not the proper way to deal with the matter. The plan I propose is to introduce something analogous to the Exchequer Bill system of England. That is, we intend to ask the House to grant us a bill to authorise the issue of a quarter of a million of Treasury bills next year, having a twelve months' currency, and at a rate of interest not exceeding six per cent. These bills will anticipate the revenue of the year, and will be extinguished at the end of the year. I may here quote some trite observations on this subject from a work by Mr. M'Culloch. [The hon. member here quoted from M'Culloch in support of his argument.] My proposition to the Committee, which will by-and-bye be submitted to the Assembly in the shape of a bill, is to give the Government authority to issue, on or after the 1st of January next, Treasury bills at a rate of interest not exceeding six per cent., and having a currency of twelve months, to be payable at the end of the year. In 1868 the bills will be renewed for a small amount; in 1869 they will be renewed for a still smaller amount, and in 1870 they will be renewed again for a smaller amount; and so on until the deficit is cleared off. I may state to the House that the mode in which our revenue is received renders this necessary. It is with us either a feast or a famine. We receive large amounts at one time and comparatively nothing at another; so that while our expenditure is uniform throughout the year our receipts are not. I will read to hon. members a statement showing this. Taking the year 1866, we received in the month of June £60,000 more than the usual average, on account of the publicans' licenses; in September, £30,000 more than the usual average by reason of the assessment on runs; and in the month of December, we received £359,150, or about a fifth part of the entire revenue. So that it must be obvious that as a matter of convenience to the Government a measure of this kind would be advantageous. But what renders it more necessary that some arrangement of this kind should be made is this fact, that although the amount due for Treasury bills, £398,500, and the amount due on short-dated debentures at the end of the year, £100,000, are provided for as between the public and the Government—as between the holders of bills and bonds and the Government—yet there is due a large sum from the deficiency loan account to the consolidated revenue account, so that it becomes a matter of absolute necessity to give us this issue to repay advances made to meet these sums at maturity. It is, therefore, almost absolutely necessary that a measure of this kind should be granted by the House. I now arrive at the account for 1868, and I am sure hon. members will be glad to see that that account shows an estimated surplus at the end of the year of nearly £200,000. I believe that this account will terminate in a surplus of £196,902. It is not the intention of the Government to propose any new taxation. The Government is decided on that point. They do not intend to propose any new taxation except in one particular item. With respect to the package duty, they are not disposed to re-enact that measure. They would certainly be justified in re-enacting it, because, with a deficiency on Loan Account of £250,000, they might reasonably decline to part with a shilling of revenue. But as the Government propose to issue bills to ease off this deficiency, they have decided that they will not present any proposal to re-enact the Package Duty Act. That measure will die out at the end of the year, never, I trust, to be revived. There is nothing which has caused so much inconvenience to the mercantile community as this tax. It is objectionable on many grounds. It is open to numerous evasions, and it does not yield the revenue it should do. Now, with reference to 1868, I may say I do not intend to weary the committee by going into details with respect to the estimated revenue, because it will be the duty of hon. members on the Opposition benches to point out what may seem to be over-estimates, and I shall have

an opportunity of explaining. I shall therefore merely state that having pointed out what I think the proper disposal of the surplus of 1867, I treat 1868 entirely on its own merits. The account shows on the debtor side an estimated expenditure for the year, of £2,118,916. There are further charges to be provided for by loan, amounting to £309,507. On the credit side there is an estimated revenue of £2,315,818, and £309,507 proposed to be raised by loan, and supposing my calculations to be right, I make the estimated balance at the end of the year £196,902. It is the intention of the Government to propose amendments of two Acts, namely the Act imposing the ad valorem duty, and the Stamp Duties Act. We have had a Tariff Act, in operation since January 1866, which imposes ad valorem duties, and the result is that the revenue has not improved as it should have done. It has been suggested that owing to the imperfect state of the law this Act is evaded to a very large extent, and the honest importer suffers. Several gentlemen have called upon me and said, "We should like to be without the ad valorem duty altogether, but as long as the necessities of the country require it, we beg of you to make it stringent so that the honest importer shall not suffer." We wish to place all persons on the same basis, and, if possible, prevent those frauds which we have reason to believe are perpetrated. And so with regard to the Stamp Act. As we are bound to see that it gives the duties it was intended to give, a Bill will be presented to the House to make the Stamp Act yield the revenue it should yield, and to prevent evasions. The only alterations with regard to taxation are these with reference to the ad valorem duties and the Stamp Act. Of course we do not intend to raise the duty. We merely intend to prevent frauds and to give greater facilities to importers. I have no doubt that we shall be able to make such arrangements as will allow of drawbacks in instances where packages are broken. These are the only two matters connected with taxation that the Government intend to deal with, except one other—that is, they intend to fix a duty on kerosene. The only tax at present paid on kerosene oil, which is an article of universal consumption, is 1½d. per gallon as package duty, and 1¼d. under the ad valorem duty. The Package Duty Act will expire on the 31st of December of the present year, and kerosene oil will then be subject only to the small duty of 1¼d per gallon. But under these circumstances the Government consider that kerosene oil would be placed in a more favourable position than other articles imported under the ad valorem duty, and they accordingly propose to place upon it a duty of 2d. per gallon to the 31st of December, 1867, and 6d. per gallon from the 1st of January, 1868. Besides kerosene oil there are likely to be imported large quantities of crude stuff capable of being made into kerosene. On petroleum, in a crude state, and on all liquid substances from which kerosene oil can be extracted, the Government propose to impose a duty of 3d. per gallon; and upon all such substances in a solid state, 2s. 6d. per cwt. These proposals will be submitted in due course. By this tax we expect to raise £11,000 next year, which with the surplus of £196,902, which I calculate on at the 31st of December, 1868, will give the Government a total surplus of £207,902. Of course my calculations may not be borne out, and it will be open to hon. members to examine them and point out where they conceive that I am in error. Having disposed of the public accounts for 1867 and 1868, I now come to our contemplated loan of £3,000,000 and what provision the Government contemplate making for the construction of railways. I may state what every hon. member must have long since perceived, that in the present loan system there are one or two great errors. The first of these, and that to which I attribute most of our misfortunes in a financial sense, consists in not having, long ago, when the money market was favourable and our debentures were high, borrowed a sufficiently large sum of money to carry out the necessary railway works of the colony in anticipation of contracts to be taken. The second fault consists in our having taken loans without making provision for a sinking fund by which to redeem the debt. In illustration of the first of these defects I may read to the committee, beginning with the year 1858, the amount annually realised by the sale of our debentures and the rates of interest obtained from the year 1859 to 1867. It

will show to the committee that under the system which obtains the amount of the sales has been very irregular, and we have never had enough money raised by our agents, the Oriental Bank, in anticipation of the contracts taken. In 1858 the total amount of debentures sold was £130,000, and the rates averaged from 95 to 100. In 1859 £800,000 was sold at 97½ to 103; in 1860, £560,000 at 98 to 102; in 1861, when our railway expenditure was at the rate of half a million a year, only £206,000 was sold at 98½ to 101½; in 1862, £495,000 at 96 to 99¼; in 1863, £610,000 at 99 to 102; in 1864, when our debentures obtained their highest price, the amount sold out was £288,000, and the rates were from 96½ to 102¾; and in 1865 the amount placed was £292,000, at from 90 to 95. Notwithstanding the small sales of debentures in 1864 and 1865, we never stopped the public works for a moment; and hon. members would at once see what a position of embarrassment the Government were placed in by the non-sale of these debentures, and that would explain to the House why he was obliged to put a pressure on the Oriental Bank, the consequence of which was that in September and November, 1866, £1,313,900 worth of debentures were sold at from 85 to 90. In 1867 the amount was £832,000 placed at 85½. The committee will see from this short *resumé* that we were not wise enough when the market was favourable to place on it the five millions which would be required to meet our contracts, and which we might have had safely invested at interest. Under our fitful and mischievous system this five millions instead of being raised in 1858 and 1859, has been doled out in driblets up to 1867, when pressure was brought to bear upon the Oriental Bank, and they were obliged to desist from selling privately and were forced into the open market. In 1866, £850,000 were sold by tender for the first time; and in 1867, £832,000 were sold by tender. So that, under the existing system, we have been ten years in realising £5,000,000 worth of debentures at considerable loss to the colony, when we might during the first and second years of that period easily have realized the whole five millions. Apart from this, and the error in not providing a sinking fund, the country is landed in this unhappy position that all these loans are maturing at inconvenient periods, and in such sums as it will be impossible by any new taxation to redeem. I blame no one for the results of this system. It has been adopted by my predecessors, and we have all followed the ordinary usage. I have now before me a statement of the particulars of the public debt of the colony of New South Wales on the 31st of August, 1866. From this it appears that our public debt, in round numbers, is seven millions and a quarter; that is to say, seven million and a quarter of debentures have been sold. We have nearly two million to pay within nine years, and I ask the committee how that is to be paid. The country cannot be taxed to pay anything of the kind. The error was in not making these debentures for long periods. In 1869 we must pay £100,000; in 1870, £100,000; in 1871, £200,000; in 1872, £100,000; in 1873, £250,000; in 1874, £250,000; in 1875, £50,000; in 1876, £735,800. The amount which must be provided for somehow or other in the next nine years is thus £1,785,800. Then there is a gap of twelve years. In twenty-one years hence we shall have to provide for half a million; twenty-two years hence, nearly £900,000; 23, £718,000; 24, £225,000, and 25 years hence, nearly two million. I name these things not alone to show the entire rottenness of the system, but to point out that at no distant day we must consolidate this debt. Before three years are over we must go to the London capitalists and consolidate this debt by issuing debentures for a long period of time, accompanied by such provision in the shape of a sinking fund that the debt may be extinguished. I mention it to show our large obligations maturing, and the duty which will devolve upon some Government or other to deal with this debt in the shape of consolidation. All these facts, supported by such inferences as I have endeavoured to draw from them, demonstrate, I think, these three positions: that there is a vital necessity for a change in the present loan system; there must be a change in the form and character of our debentures, which must contain provision for a sinking fund; and there must be a change in the mode of placing them on the market. The mode of placing our debentures on the market which can only realise five million in nine or ten years

is a bad one. We should adopt some other method, and I take it we should deal with large contractors. Instead of tinkering with our hundred thousand pounds, or five hundred thousand pounds, we are bound to go into the market and get a large loan, sufficient to carry out our works, and leave the market free for two or three years. That is the way. Not to go in three or four times a year for small sums, eternally unsettling the market, the British capitalist not knowing when you are going to cease and disdaining a colony which only goes in for half a million. We must go in vigorously and distinctly for a loan of three million and raise sufficient to benefit the country in the expenditure for railways, and in all the ways in which benefit must result from the introduction of three millions of money. Conceiving that some change is necessary, it is my duty to inform the committee that the loan project we have in view is intended to carry out these three objects. I will begin in the first place with the change in the form of our debentures. In this proposal for the loan of three millions I learn by calculation that by the annual payment of £210,000 the loan will be extinguished in twenty-six years. This debenture embodies a new clause of this kind; the sum of £210,000 will be paid and applied by the Government of New South Wales each year in the following manner: First, for the payment of interest on the bonds then subsisting; second, towards the reduction and final extinction of the loan by a payment of £60,000, being a sinking fund of two per cent. redeemed bonds to be determined by annual drawings at par; and third to the purchase of the bonds. The committee will see that at the end of the first year the payment of £210,000 will be confined to the year's interest (£150,000) and to the year's paying off of £60,000. [MR. PIDDINGTON: What will be the total amount required to extinguish the loan of £3,000,000? I make it £6,500,000.] Those are particulars we can go into by and by. These calculations were made not only by myself but also by an actuary. I was endeavouring to explain how the thing would work. For example, supposing a loan were taken on the 1st January, 1868, the £210,000 on the 31st December, 1868, would be applied in this way: first, £150,000 for the year's interest, and £60,000 for paying off so much of the money borrowed. The capital sum will thus be reduced to £2,940,000, and the interest instead of £150,000 will be for the following year £147,000, and so year by year it will be reduced until in twenty-six years it will be extinguished. Apart from paying the interest and sinking fund on existing bonds, there would arise from a saving of interest a gradually increasing fund to purchase the bonds of the loan. I think my hon. friend in making his calculations has added the interest. [MR. PIDDINGTON: Of course I have taken the total amount.] Well, we propose to make that alteration in the character of our existing system; that instead of issuing debentures which, by and by, might form a large sum to be paid by posterity, we propose a sinking fund which would extinguish this loan in twenty-six years. With regard to the next proposition—the change in the manner of putting our loan upon the market—I have already stated that I think a preferable mode to that of employing a banking institution would be to place our loans in the hands of some large monetary house. I shall now state what negotiations subsist between this Government and such a house as that to which I refer. A gentleman named Kohn waited on me in October of last year, and stated that he was authorised to treat with the Government of the country in the way of negotiating a loan on the part of Messrs. Oppenheim, Alberti, and Co., of Paris, and Messrs. Fruelen, Goschen, and Co., of London, firms of undoubted standing and character in the financial world. The proposition was made to me in general terms. Shortly afterwards I proceeded to Melbourne, and on my return Mr. Kohn called upon me again and made me an offer on behalf of the firms I have mentioned. In my ignorance of the character and standing of great houses in the mother country (which I have never seen) I thought it right to communicate with the Government agent in London (Captain Mayne), and request him to make inquiries concerning the character and standing of the house of Fruelen, Goschen, and Co. [The hon. member here read a letter in reply from Captain Mayne, which commenced as follows:—"16th May, 1867. Dear Sir,—In pursuance of the wish conveyed in your letter of the 20th

March last, marked private and confidential, I have made inquiry and am informed that the standing and financial character of the house of Fruelen and Goschen are high," &c.] With that assurance of Captain Mayne's I thought it a right and proper thing on the part of the Government to enter into negotiations with those parties. I did not make any inquiries as to the firm of Oppenheim and Company. I am told that they have been negotiating large loans under favourable conditions. [MR. SAMUEL: Did the hon. member tell Captain Mayne the object of his inquiry?] I did not. I merely asked Captain Mayne to report to me as to the financial standing of Messrs. Fruelen and Goschen, and I have read his account to the committee. Mr. Kohn made an offer which I will read. It is dated 18th July, 1867, and signed Joseph Kohn and Co. It states that Messrs. Oppenheim and Company are willing to take a loan of two millions at 84 per cent. In case the state of the money market on receipt of the advice of the acceptance of this offer should be so adverse as to prevent the issue of the loan, Messrs. Oppenheim and Company would nevertheless take £500,000 loan at £84, with the option of taking the remainder—£1,500,000—at the same figure, or at such a price as might be agreed upon by themselves and the Government, and the debentures would be issued in London, Paris, Amsterdam, and Frankfort by the correspondents of Oppenheim, Alberti, and Company. The Government have conditionally accepted this offer. That is to say, we have accepted it subject to Parliament granting the loan. Of course if Parliament disapproves no harm is done. The committee will see that this offer applies to £2,000,000, whereas the proposed loan is for £3,000,000. A further part of our project is to offer the remaining £1,000,000 on the joint account of the contractors and the Government. I think I shall be able to show the committee that this offer of £84 is equivalent to £87. The offer is £84 net cash in London without any charge for commission. The Government would deal with this money like men of business. Having two or three millions in London to draw against they would be in a position to go into the market every month, and invite tenders for their bills. They would draw 60-day bills and receive the exchange of the day, 1½, or whatever it might be. [MR. JOSEPH: You would soon so knock down the exchanges that you would get nothing.] These are entirely matters of agreement. The rate of exchange must of course be regulated by mercantile necessities. No hon. member can say that at the end of the year it will be 1 per cent. or 6 per cent. premium, or 5 per cent. discount. The Government having three million at their disposal in London would be able to do what the Commissariat did years ago with their bills—they can call for tenders for say £100,000 a month when the rate is high. Suppose, for instance, the Government now called for tenders for £100,000 bills on London, the rate of exchange being 1½, the operation would be this: every £84 we drew for upon London would be at sixty days and a two month's passage would give us 4 month's interest, or equal to 2 per cent., so for every £84 we should get in this country £87. But what the Government would do would be this. They would call for tenders. They would not borrow this money to meet past obligations, but they would store it up, and then no matter what may happen on the Continent of Europe, or what war may take place, we could draw upon it at our convenience when exchanges were favourable. We should let it out at interest, so that it might fructify. [An hon. member: Then the Government would become money lenders.] It is better that we should become money lenders than borrowers from local institutions. I have shown that instead of £84 we shall get £87, and I invite comparison between the last realisation by means of the Oriental Bank and what this loan will produce. The net result of the last realisation by the Oriental Bank was, if I recollect aright, only close up to 81 per cent. I distinctly guard myself from imputing blame to that institution, but I think I am right in stating that the last sale when money was at 2 per cent. was only £81. Here, however, we are offered a price which will give us £87 net cash, and the contractors will take all the risk of an increased value of money or the contingencies of a war in Europe. The Government thought it right to make a conditional acceptance of this offer, subject always

to the approval of Parliament. I will now state the main reasons which induced us to make this conditional acceptance of the offer. The first was that we should get our money at once; that the contractor, in point of fact, would take all the risks which may or may not occur between the time of making this offer and the time the debentures would reach the London market. No man can say what the value of money will be in the month of December. No man can say that in the month of December next there may not be a European war. But this is clear—if we want to borrow money for railway purposes the thing is to do so when we can, and leave others to take these risks. If we pretend to deal with the loan in any other way, we shall never get the money. The second consideration was this: that by dealing with these large contractors we should introduce Colonial securities for the first time to continental markets. Hitherto our securities have been placed in London only, but if this agreement were approved they would be placed also in the exchanges or bourses of Paris, Amsterdam, and Frankfort. Thus, for the first time they would have a world-wide currency. The third consideration was this: the ultimate result of this operation, carried out to its legitimate result, must be to raise the whole value of our public debt. If by this operation our debentures were introduced to the money markets of the Continent there could not be a doubt that the result would be a permanent rise in the value of our public debt, and as a consequence we shall get a higher price for our securities when we again go into the market. I trust that these considerations will also weigh with the committee. I have observed enough from what has already taken place to see that certain hon. members are likely to meet the conditional negotiation with opposition. Of course we are entirely in the hands of the House. If hon. members do not ratify the agreement no harm is done. I have no doubt some hon. member will be ready to try to prove that great damage has been inflicted on this colony, but I do not think they will be successful. At all events we have left this to hon. gentlemen on the Opposition Benches. No doubt they will endeavour to damage us and the loan as much as they can. I shall now endeavour to meet by anticipation some of the objections. If the debate is adjourned I shall, of course, have ample opportunity—(the House being in committee)—of answering other objections as they are raised. [MR. FORSTER: How is the interest to be raised?] That is coming presently. I am taking things in an easy and logical way. Now, hon. members may say, as one has already said, the price is too low, and we shall be told that a much higher price can be got in the London market—that, having regard to the value of money and latest quotations of debentures, a higher price will be got in the London market. With every respect for the opinions of hon. members here, I cannot but say this, that, unless hon. members have some miraculous power imparted to them, we are all on a footing of equality, and no man in this country is better able to predict the state of things in December than myself. With regard to this power of prophesy we all stand on a footing of perfect equality, and I have as much right to my own opinion on the matter as others have to theirs. But there is the authority of a different kind to which I can refer—an authority in London itself—and that authority I shall proceed to read to the committee, and the committee will be enabled to see what probability there is of putting a loan upon the London market this year at all. It does not resolve itself into a question whether you can get a higher price or not, but whether you can raise a shilling in the London market during the currency of the present year. I cannot quote a higher authority than that of the Oriental Bank Corporation in London. In common no doubt with many hon. members of this House, I shared the opinion that because money was low in London, Australian securities necessarily should rise in value. It is an obvious opinion for any man to form. The natural inference would be if money is 2 per cent. our securities ought to sell rapidly at a higher price. But those higher authorities, the Oriental Bank Corporation, tell us that it is not the state of the case, and that there is no necessary connection between the low value of money and a high price of our securities. The Oriental Bank, writing on the 23rd of April, 1867, rebuked me for entertaining this obvious opinion, and the local manager says—"No mistake can

be more palpable than to suppose, because it is a year of peace and money in London is abundant, that Colonial and other securities necessarily become easier of sale." It does not follow that because money is unusually cheap Australian securities must necessarily sell. We have got that delusion dissipated. Cheap money does not raise the price of our securities. This gentleman goes on to show that "the presentation of continuous loans on the London money market must be fatal to the credit of any Government, although our manager is doing the best he can to sell bonds on hand. His opinion is against disturbing the money market again for twelve months, and that the propositions to borrow should be accompanied by one for a sinking fund." Mr. Murray also enclosed a quotation from a letter from the London manager, dated 14th June, 1867, in which he says "we must assure the public that no loan beyond the £832,000 will be introduced this year." What does all this meditated opposition amount to. Hon. members sixteen thousand miles from the market, and with no miraculous knowledge of events may say we can get a higher price than 84 if we place the loan on the market; but the Oriental Bank says you cannot place another shilling on the market this year, and you cannot get a higher price. I leave the committee to say whether at this distance of time they are able to calculate contingencies—whether they can say a loan of this kind could be placed upon the London market at a higher price than 84, when the London manager of the Oriental Bank says, there has been a practical exclusion from the London market of any further loans during the present year. So that having regard to this fact, if we are to avail ourselves of the low rate of money in London, and raise our loan before the commencement of next year, and avoid the risk of the great war in Europe, which so many prophesy as imminent, we are bound to bring our loan out as soon as possible, we are bound to have our loan in the London market in 1867. But then, the Oriental Bank says it cannot be done. That is one of the reasons why the Government propose to adopt what is not an ordinary course. Hon. members, no doubt, will refer to last quotations from London and say, how can you expect us to consent to a proposition for 84? I have in my hand a telegram received by the last mail to this effect—"New South Wales long-dated debentures 89½ to 90½." I put it to hon. members of this House whether if our loan of three million—a project to increase the debt of the colony 50 per cent. was in London at the time, it would not have caused these prices to recede? These prices which ruled two months ago were current when the public debt was known; but had these three millions worth of securities been in the market at the time, and the project of this loan launched, I appeal to the common sense of hon. members whether, with this addition to our liabilities, the prices would have remained at 89½ to 90½. It is an observation of the idlest kind to say that because the prices two months ago ruled at 89½ to 90½, that state must remain unaltered when the state of facts is entirely changed. There is another point to be observed. It is this: supposing this offer of 84 is taken, the contractors run the risks, and give us our money free of charge. [MR. SAMUEL: But there is no guarantee that you will have the money.] All I have said is that it is a conditional offer conditionally accepted, and in that shape I have put it to the House. The contractors run the risk at all events to the extent of half a million. They run the risk of increased value of money and a European war. We all know that cheap money makes dear money, and *vice versâ*. If the loan were granted to-day the debentures could not reach London till December; and who is to say what the value of money will be then, and what the state of the Continent of Europe? On this view of the case, believing there is a necessity and a desirability of pressing on our railway works to certain paying points, knowing the value of money is low, and seeing that we have an offer of this kind, such as it is, the Government felt itself justified in accepting the offer, subject to the approval of the House. By this project we shall in reality be borrowing three million—in face of the risks of possible war, that some regard is imminent—at less than 6 per cent. I have now come to the last proposition with which I have to deal, and that is to point out in what way we make provision for £150,000 interest and £60,000 sinking fund for

1868. I require now merely to state how I propose to make provision for it. I have already shown by the accounts for 1868 that we estimate a surplus of £196,902, and by our new impost on kerosene oil £11,000, making a total of £207,902 with which to pay £210,000, and irrespective of this sum we shall have the interest on the temporary investment of the money. If this loan were granted we should invest it, and the interest obtained will go with this surplus at the end of the year, with the results of the new impost to form an ample fund out of which to make the first payment. As regards future years we have a provision by means of the new Land Bill. Should that Bill pass, we have a very large contribution towards the annual payment of £210,000, without inflicting a single further tax on the people of the country. If our Land Bill pass, and more problematical things have happened in this House to my own knowledge, our position will be this: We will not derive from it, during the year 1868, any addition to our land income; but during 1868 those provisions will come into effect for reappraising the runs, which will cause an increase of revenue in 1869. What we expect from the operation of that year is an increase of the land revenue to the extent of £150,000 a year. The present revenue derived from squattages is £280,000, and the same will be received next year; but the year after, and following years, I expect to receive an addition under the new Land Bill of £150,000, to be obtained on a fair appraisement of the squattages of the country. From these sources, without a single additional tax upon the people of the country, I expect sufficient revenue to pay the interest of this particular debt, the object of which is to extend the railways of the country, and among the very people whose contributions will assist in paying the interest. I have now to thank the Committee for the very patient attention they have accorded me, and will endeavour to summarise in a few words the result of my observations. I have endeavoured to show the committee, in the first place, a legitimate mode by which, without further taxation, we should be enabled to tide over the payment of the balance of our deficiency loan of £250,000 with the surplus of future years; I mean by the issue of Treasury bills payable at the end of 1868. I have shown a surplus available for the first year's interest on the loan. We have projected this loan for the first time in our Colonial history on the basis of a sinking fund, which, in twenty-six years, will extinguish the £3,000,000. We have done all this, of course, subject to the approval of Parliament, and we have done it in a way which we think ought to meet with the approval of the committee and of the country. We have done it without new taxation, with the provision of a sinking fund, and we have also made what we consider a fair negotiation for a loan. We have proposed to do that which will bring three millions into this country, more than half the capital of the nine existing banks, the expenditure of which will be the means of extending railways to points at which they are likely to pay, and also afford legitimate means of giving employment to a large amount of labour which, under the operation of our Land Bill, we hope to see introduced, and that of a good and an acceptable kind. I now beg to move,—"That towards making good the supply granted to Her Majesty, there be granted out of the Consolidated Revenue Fund a sum not exceeding £1,455."

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE SAUL SAMUEL, made 7th January, 1869.

[*From the Sydney Morning Herald of 8th January*, 1869.]

LEGISLATIVE ASSEMBLY.

Thursday, 7 January, 1869.

FINANCIAL STATEMENT.

Mr. SAMUEL said: In submitting to the committee the financial statement, I feel that I labour under great disadvantages. During the short period I have been in office I have had very many important matters to attend to, and my thoughts have been so distracted by events which have occurred, that I have not been able to devote that attention to the preparation of the financial statement which was so necessary for its satisfactory presentation to the committee. I feel, too, that the time is most inconvenient for making provision for the year upon which we have just entered, and I feel also that I labour under considerable difficulty from the fact that until I came down to this House I hardly knew whether I should be permitted to make the statement to-night or not, as might be seen from what had occurred. It would be in the recollection of the House that when, in the course of the year 1867, the late Colonial Treasurer made his Financial Statement, doubts were expressed whether the hon. member's anticipations as to the prospects of the future financial position of the country would be realised. I think it will be admitted (when the statements which I will shortly have the honor of laying on the table are explained and understood by hon. members) that the fears which were then expressed by myself and others when on the other side of the House were not without foundation. Hon. members were told by the hon. member. (Mr. Eagar), that if the Committee consented to allow the estimated surplus of 1867 to be carried over to 1868, to supplement the revenue of that year, there would be sufficient ways and means to meet the estimated expenditure of 1868. The statement which I am about to submit will show how far short the hon. gentleman was in his calculations, and how far the Opposition were justified in taking the course they then considered it their duty to take. I will now ask the Committee to look at the balance-sheet which I shall lay before them. Whatever I may advance with regard to my predecessor's treatment of these matters, I wish it to be understood that I do not say it in any party spirit, or from any desire to damage the hon. member, but simply in order to justify my own conduct, when in opposition, and to show the true financial position of the country. I claim attention first, to the balance-sheet for the year 1867, which I have endeavoured to simplify as much as possible so as not to overwhelm hon. members with statements which are unintelligible and irrelevant. I have started with the ascertained cash balance in the books of the Treasury on the 31st December, 1867. I have charged on the debit side all the payments made against that balance, and given credit on the other side for all additional receipts. The estimated surplus which I bring down at the end of 1867 is £67,726 2s. 5d. That was a balance which the hon. member (Mr. Eagar) estimated would be £150,000. I will presently reconcile that balance with the balance which the hon. member left in

the Treasury, as shown by the statement made up in July last. The deficiency at the end of the year 1868, which the hon. member told us would be £17,000, turns out to be a deficiency of £157,454 3s. I cannot help referring to what has taken place before this. Hon. members would recollect that the late Colonial Treasurer made a series of financial statements, and it was necessary to refer to those statements to enable them to compare the results of 1867 and 1868, as now ascertained, with those shown by the hon. member. When the hon. member made his financial statement on the 27th September, 1866, he estimated that he would have a surplus in 1867 of £310,077. On that occasion the House accepted the statement of the hon. gentleman. They passed his Estimates on the assumption that that balance would be realised; but it was far from being realised. On the 12th September, 1867, a year afterwards, the hon. gentleman made another financial statement, and estimated the surplus for 1867 at only £251,951. Members of the Opposition strongly asserted that these estimates would never be realised; that the hon. gentleman's anticipations were gross exaggerations. On the 9th of March, 1868, the hon. gentleman made another statement, in which he estimated his surplus at £153,094 9s. 6d. This was the balance which had dwindled down to £67,726 2s. 5d. The actual state of things was this: At the end of last year (1868), taking credit for the surplus from 1867, we had a deficiency of £157,454 3s. When the hon. member retired from office he left a statement, in July last year, wherein he estimated that he would have £106,000 deficiency. That deficiency had become increased by a larger Supplementary Estimate than the hon. member contemplated, and which reconciles his deficiency with that now exhibited by me. For the present I will leave 1868 and proceed to deal with the year 1869. Turning to the account for that year hon. members will find that I have brought down an estimated surplus of £31,123. In order to effect this I have credited the account with £100,000, proposed to be raised by loan, in order to meet an equal amount of short-dated debentures, which will fall due at the end of the year—the account, as will be seen, being charged with that liability. I think I shall be able to show that I am perfectly justified in adopting this course. In 1865 I went, with Mr. Cowper, into office as Colonial Treasurer, and then found a deficiency of £800,000, represented by Treasury bills and short-dated debentures, and I sought to provide taxation to meet that deficiency. I now find that that deficiency has been increased to £850,000; the increase, I believe is accounted for by the debentures issued to meet these deficiency loans having been sold considerably under par. Having been only two months in office, and having been met with an amount of obstruction almost unprecedented, it has unfortunately fallen to my lot a second time to provide for this deficiency, increased, as I have said, by £50,000. The hon. and learned member for the Lachlan stated the other evening that this was not a time to have recourse to increased taxation, and as I perfectly agree with him, I shall be prepared to show that I will be able to deal with this matter without resorting to the imposition of increased fiscal burdens. I am not going to shirk the responsibility which rests on my shoulders to provide for this deficiency loan. But I desire to show, first, what was done in 1865 with reference to these deficiency loans, and particularly the course I took myself in regard to the matter. I believe that the greater part of the increased expenditure which absorbed the taxation of 1865 to 1868 was justifiable; but I hold that when a Government proposes increased expenditure that same Government has a right to provide ways and means to meet it. This, however, had not been done. From the year 1865 to 1868 we had levied extra duties in the following way:—In 1865 for package charge, £31,269 7s. 6d.; for ad valorem duties, £2,012 15s. 7d.; for stamps, £33,700 15s. 1d.; making a total of £66,982 18s. 2d. In 1866, package duty, £45,468 17s.; specific duties, £21,794 7s. 11d.; ad valorem, £156,350 6s. 1d.; stamps, £65,870 15s. 5d.; total, £289,484 6s. 5d. In 1867, package duty, £40,473; specific duty, £17,737 2s.; ad valorem, £104,739 1s. 11d.; stamps, £62,853 3s. 7d.; total, £225,802 7s. 6d. In 1868, package duty, £2 4s. (in that year the Act expired); specific duties, £24,329 0s. 3d.; ad valorem duties, £129,477 13s.; stamps, £62,251 19s. 4d.; total, £216,060 16s. 7d. The grand totals were—for

package duty, £117,213 8s. 6d.; specific duties, £63,860 10s. 2d.; ad valorem duties, £392,579 16s. 7d.; stamps, £224,676 13s. 5d. In all, £798,330 8s. 8d. This increased taxation was specially levied to meet the deficiency loans. I shall now show the Committee how it has been absorbed by reading from a return which I have had prepared. The following is a statement of increased expenditure and new services since the year 1864. Although I have the details here I will only read the totals:—Interest on debentures and treasury bills, £276,281 17s. 4d.; interest on temporary loans and bank overdrafts, £64,158 11s. 7d.; public instruction, £38,000; Panama postal services, £131,984 0s. 3d.; railway working expenses, £54,857 10s. 8d.; public works, £60,432 1s. 10d.; reformatories and industrial schools, £19,045; Mint, additional under 28 Victoria, No. 3, say £6,000; Stamp Department, £5,528 11s.; reception expenses—Duke of Edinburgh, £25,175 0s. 7d.; stores and stationery, £21,739 7s. 6d.; appraisement of runs, £15,986 11s; Volunteers and Naval Brigade, £17,923 11s. 5d.; military, £22,834 6s. 5d.; charitable allowances, £41,540 1s. 5d.; total, £801,486 11s. This increased expenditure was about the amount of the extra taxation. There were £343,200 Treasury bills outstanding payable in April. There were also short-dated debentures outstanding on account of deficiency loan, due as follows, namely:—On 31st December, 1869, £100,000; December, 1870, £100,000; December, 1871, £100,000; and at the end of 1872, £50,000. Adding to these sums £157,454 deficit for 1868, the amount was £850,674.

Mr. PIDDINGTON: What is the amount of the outstanding short-dated debentures?

Mr. SAMUEL: On account of the deficiency loan or altogether?

Mr. PIDDINGTON: On account of the deficiency loan.

Mr. SAMUEL: £350,000, and there was a deficiency at the end of last year of £157,454. The hon. member (Mr. Eagar) paid off deficiency loans to the amount of £250,000.

Mr. PIDDINGTON: Part of that is on account of Treasury bills.

Mr. SAMUEL: Yes; but by paying off those Treasury bills and short-dated debentures it leaves the deficiency exactly where it was, or as nearly as possible.

Mr. EAGAR: The hon. member is mixing them all up together.

Mr. SAMUEL: I am, because I want to show our financial position. They will all have to be paid, whether Treasury bills or short-dated debentures. The hon. member paid off these Treasury bills and short-dated debentures out of funds which left him with another deficiency.

Mr. EAGAR: Of less amount.

Mr. SAMUEL: Now, I shall be compelled to say that which I did not intend to allude to. The hon. member borrowed £100,000 more than he ought to have borrowed, and paid off £100,000 with borrowed money; and if he borrowed money to pay off an obligation, it of course left him exactly where he stood before.

Mr. EAGAR: On better terms.

Mr. SAMUEL: Taking the short-dated debentures and Treasury bills which represent the whole outstanding deficiency loan, and taking also the deficiency at the end of 1868, it cannot be denied that our deficiency is the same as when I went into office in 1865.

Mr. EAGAR: I deny that, and will show to the contrary.

Mr. SAMUEL: I shall be glad to hear the hon. member's explanation. If he admitted that there were outstanding, £358,000 short-dated debentures, and £343,200 Treasury bills, and that the deficiency at the end of 1868 is £157,454, it is difficult to see how he can fail to admit a total deficiency of £850,000. However, I shall leave the matter in the hands of the House. With regard to this deficiency loan, I disapproved, at the time of the plan of issuing Treasury bills. I disapproved of the plan which brought back upon the Treasury a charge of £400,000 or £500,000 every year. I have no doubt it was favourable to the banks, but it was not so for the Government of the country, for, in times of pressure, the banks would come down upon the Treasury for payment. It was a plan I always disapproved of because it was fraught with danger to the Government in a country like this, where money was fluctuating. In times of plenty, no doubt it was good, because then the banks had their coffers full; but in times of pressure they would not hesitate to press

for payment. We had also £100,000 of short-dated debentures falling due every year. The interest on our public debt amounts to half-a-million of money, and that, with all these large sums, was more than we should be called upon to provide for in one year. I have a plan to propose to the House, which is not fraught with so much danger, which will not make increased taxation necessary, and which I shall propose, if permitted, by-and-by—not this session, and fortunately there was no necessity for any immediate action, because we could provide for this loan by again issuing Treasury bills. [Mr. PIDDINGTON: Hear, hear.] Well, the hon. member would not expect me to come down now with such a proposition, as that he meant to propose? The proposition is that we should have a small funded debt for the colony, independent of the debts in the London market—a funded debt which would enable people to invest their money here, and on which there would be no interest sent out of the country every year. Trustees in the colony had a difficulty in finding investments when they wanted them. This fund would give such, while the debt itself might be paid off or provided for by small instalments. There will be no difficulty in disposing of Government securities such as I speak of to the amount we require, say one million. I should be sorry to see this loan go out of the country, but would prefer that it should be negotiated here, and the interest kept amongst us. With a little foresight there would be no difficulty in dealing with this matter; and I have no hesitation in saying that such a loan as this, bearing 5 per cent. interest, would go off readily, at a premium. We might annihilate the debt in about thirty years, without feeling any pressure from it, and it would be a matter of very great relief. The hon. member opposite laughed, and I can easily understand why. It is because he knows, as we all know, how difficult it is to annihilate a debt by means of a sinking fund; we could however guard against an improper application of the sinking fund. [Mr. PIDDINGTON: You have done so with the short-dated debentures.] The amount proposed then was much too large to be paid off in one year; and I am sure the hon. member for the Hawkesbury will admit that I said at the time the amount was too much to set aside every year. A Treasurer has to look at all the probable charges for new services that will come upon the country every year in addition to the ordinary expenditure, and provide for meeting them all. I am quite sure that the course which I indicate is desirable, and that when hon. members consider the matter they will see it is a prudent way of meeting this deficiency loan. Before I refer in any way to other matters I will allude to the public debt of the colony, of which I have had a return prepared to show how the debentures fall due. This return shows the exact due dates of the debentures, and that the whole of the public debt of the colony is £9,585,830. In certain years large amounts fall due, and therefore the question of the consolidation of the public debt, in order that the inconvenience and difficulty of having these large amounts to provide for in such unequal sums, pressed itself upon the attention of the late Treasurer, as indeed it must do on every one who occupies his position. But the consolidation of the public debt was not to be done off-hand in the way the hon. gentleman, and his colleague, the hon. member for the Lachlan, spoke of. It was not always easy to consolidate the debt of the country; and when our debentures are at 102 and 103, as they now are, the consolidation of the debt would be difficult. However, next session, I will, if in office, be prepared to submit some scheme for the consolidation of our public debt, by which to provide some day or other for its extinction. I am not prepared at this moment to submit any proposition, but I desire to call attention to the question, and while doing so I desire to refer to the sale of the million loan which took place recently in England. I am glad to say that that loan has been most satis factorily placed upon the London market. The highest price offered for our debentures was £102, and the lowest £98 0s. 6d., giving an average of £96 4s. 2d. [Mr. PIDDINGTON: £99.] No; the charges, which are rather heavy, make up the difference. The average rate in the gross was £98 3s. 4d., but then there were the accrued interest, 17s. 4d. per cent., given in, which amounted to £8,666 13s. 4d.; discount on payments in full, £433 14s. 4d.; brokerage, £4,965 10s.; bank commission,

half per cent., £5,000; advertising, £503 13s. 6d.; and other charges, £13 8s. 6d.; total charges, £19,582 19s. 7d. Deducting these charges, the average price was £96 4s. 2d. for every £100. Although these charges entailed a loss upon us the sale itself was most satisfactory. I do not choose to make any observations on my conduct in regard to this matter, but I am glad to learn that the loan has realised so well. I consider that our agents—the Bank of New South Wales and the Messrs. Rothschild—have managed the loan in a manner which reflects the highest credit upon them. Having referred to the deficiency loan, the public debt, and this million of debentures, I now wish to refer to the state of the banking account when I took office, and its condition at the end of last year. We heard something about this banking account when I took office, and although I am sorry to have to refer to anything which has been said, still I think it is only right that a wrong impression with regard to our position should not go abroad. When I took office on the 27th October, 1868, the cash balance to the credit of the Government in the Bank of New South Wales was £204,269 10s. 11d. [Mr. Eagar: Hear, hear.] But my hon. friend who cheers me might have stated that to make up that balance he had borrowed £150,000. [Mr. Piddington: How did he borrow it?] From the bank of New South Wales on the million loan. [Mr. Piddington: That does not matter.] Of course the statement made by my hon. friend behind me (Mr. Sutherland) was a mistake. On the 31st December, 1868, we had paid off the amount borrowed, and had a balance of £138,000 at the end of the year. Hon. members must not confuse the balances in the bank with those of the Treasury books, because we might have balances in the bank and at the same time liabilities far in excess of those balances. There is another statement I should like to have submitted to members, but which is not yet complete. Having got the amount of the loan accounts, I was anxious to get a statement of the liabilities against them—that is the whole of the contracts outstanding—to ascertain whether the debentures issued would be sufficient to meet such claims. I believe the loss upon our debentures—that is to say, the difference between the amount obtained and the amount authorised to be borrowed—would be something like £500,000. We have in point of fact, received less from our debentures than they represented in money, to the extent of £500,000. I merely mention this incidentally, and will lay the statement referred to on the table as soon as possible. I should like also to say one word about the course I propose to take with respect to the deficiency loan. In asking the House to assent to the proposition I have hinted at—that is, that we should raise a loan for a longer period than that of either the Treasury bills or short-dated debentures—I have a justification for that course by one proposed by the late Government. I found a bill of theirs in the Treasury in which they proposed to add the whole of the deficiency debt to the public debt of the colony. I do not wish to justify anything I do by the action of the hon. gentlemen opposite, but I wish to show that they contemplated doing this, and that the only difference between their plan and mine is, that I wished to keep the money in the colony. I have had another return prepared which may be interesting; it is a return showing what the appropriations of Parliament are for the services of the year 1857, and what they are estimated to be for 1869. I do not know that much can be gathered from a return of this kind, except that it is interesting as showing in what respect our expenditure was increasing. It would be tedious to read the details of the appropriations for the different departments, but I will give the totals. The total appropriations for the year 1857 amounted to £1,195,765, and the estimated appropriations for 1869 to £2,135,449. The expenditure per head of the population in 1857 was £3 18s. 3d., and it was estimated that in 1869 it would be £4 11s. 7d. Leaving out the interest on the public debt, the difference per head in the ordinary expenditure would not be found very great. In 1857, the population was 305,487; at present it was about 466,000. I now desire to say something about the Estimates. I do not hesitate to say that the Government have had very little time to go through them. After taking off the increases, and two or three items that we thought objectionable, such, for instance, as that for the proposed improvements in the Parramatta River, we have taken the

Estimates of our predecessors. Any condemnation of the Estimates therefore would fall upon them. But the present Government are prepared to do their utmost to reduce the expenditure of the country. They will do their best to keep the expenditure within the income. We will not increase the large deficiency already accrued, and if we find additional expenditure necessary we shall submit propositions for additional ways and means. We will keep the expenditure within the income, but more than this we are not in a position to promise at present. With regard to the Estimates I impressed upon the heads of departments the necessity of putting into the Estimates-in-chief all that would be necessary, in order to avoid coming down with a large supplementary estimate, and so putting me in a false position. The increased expenditure set down in the Estimates was brought about by no fault of the present Government. £40,000 of the increase was for working expenses of the railways, and I have myself added £10,000 more, so that I shall not have to come down with a large supplementary estimate. I have therefore endeavoured to submit the Estimates truthfully, and I think the House need not look for any large supplementary estimate next year. I find that there are savings effected every year to the extent of about £100,000, which have generally been absorbed by the supplementary estimates, but I hope so to keep the expenditure down as not to swallow up these savings, which will increase my estimated surplus for 1868. I find that the salaries for the Civil servants (including the Police) amount to £560,742. This is a very large item, but the Government have not yet had much time to ascertain to what extent it could be reduced. It required a considerable amount of courage to perform this most unpleasant and unpopular duty. In most instances the salaries are not too high; but I am under the impression that there are too many persons employed—more than the necessities of the Public Service require. I have commenced with the pruning knife, and have made some reductions in my own department, and in doing this I have been actuated by a sincere desire to serve the country. I now come to the question of which hon. members have heard so much—the policy of the Government. In the first place, we desire to remove any restrictions existing upon trade. The 5 per cent. *ad valorem* duties do not affect free trade or protection, but they are an undesirable form of taxation. My hon. friend and colleague, the Colonial Secretary, when referring to them, said it would be desirable to abolish these duties gradually, but I think it will be preferable, when we touch them, to get rid of them altogether. They were demoralising, and unjust to the honest trader, and they opened the door to an amount of fraud that could scarcely be checked. The revenues derived from them could be raised by other means. I will take care that every one who ought to contribute to the revenue of the country shall bear his just proportion. It would be impossible to devise a scheme that would be acceptable to all; but when any additional taxation becomes necessary, I will endeavour so to arrange it that it shall be equitable. We have been invited by the Government of New Zealand to an intercolonial conference, with a view to arrange some important matters in connection with trade. I have suggested some additional subjects that I think we should confer upon, such as a Customs union and a uniform tariff. If a Customs union and uniform tariff were agreed to by the colonies it would be a great boon. We have been invited by the New Zealand Government to consider the best means to obtain admission for the wool of these colonies into the United States free of duty. I do not know of any circumstance that pointed more directly to the advantage of free trade than this, and it was only by reciprocity that we could hope to obtain this. [Mr. LORD: We do not tax the produce of the United States.] Our *ad valorem* duties taxed the produce of every nation. I am glad to see that the feeling is gaining ground that there ought to be free trade in intercolonial produce, and we are endeavouring to bring about so desirable a result. [Mr. LUCAS: You won't do it by abolishing the Custom-house.] We do not intend to abolish the Custom-house; but so far as I can in imposing Customs duties, I will fetter commerce as little as possible. With a Customs union all revenue could be collected and divided ratably according to population and consuming powers. This is no

new idea of mine, for in 1865 I submitted a resolution to this House to the effect that it was desirable to have a Customs union and a uniform tariff. I now come to the Panama Mail Service. There is no doubt we have effected a saving by the cancellation of the contract with the Panama and New Zealand Mail Company. I do not hesitate to say that I am very glad of it. This mail service has not been without its advantages, but it did not realise all that was expected of it. The unfortunate mail company, however, faithfully performed their contract up to the time of their failure, and I think it is entitled to the sympathy of hon. members in its present position. The agents of the company have given the Government notice that the service will cease, and that notice has been accepted as a cancellation of the contract. There were advantages arising out of the service; but so far as we are concerned we are well rid of the contract. I believe I have now touched upon most of the matters with which I had to deal. If I have omitted anything I shall be happy to give all the information in my power to those hon. members who may desire to be further informed. I have to thank hon. members for the patient hearing they have given me, and to express a hope that if I remain in office, and have again the honor to make another financial statement, I shall have to congratulate them upon a larger surplus than I can show at the present time, and that the country is in a state of greater prosperity. I now beg to move that, towards making good the supply granted to Her Majesty, the sum of £1,650 be appropriated to defray the salaries and contingencies of the establishment of His Excellency the Governor.

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE SAUL SAMUEL, made 14th October, 1869.

[*From the Sydney Morning Herald of* 15*th October*, 1869.]

LEGISLATIVE ASSEMBLY.

Thursday, 14 October, 1869.

FINANCIAL STATEMENT.

MR. SAMUEL, said: It is now my duty to submit the financial statement. I have to state to the committee the estimated expenditure for the year 1870, and show how I propose to provide Ways and Means to meet it. I have also to submit to the committee the accounts for the current year as well as those for past years in order that hon. members may understand clearly the financial position of the country. I shall not trespass on the time of the committee by any prefatory remarks. All I shall ask of hon. members is to give me a patient and uninterrupted hearing, and I promise in return to be as brief as I possibly can, consistently with the importance of the matter with which I have to deal. I ask hon. members to refer to the accounts which will now be distributed. I shall have to carry them back to the year 1867, in order that they may understand exactly the true financial position of the country. I take them back to the year 1867, because that is the one with which I started when I made my financial statement at the beginning of the present year. Hon. members will perhaps recollect that I estimated there would be a surplus at the end of the year 1867 of £67,726 2s. 5d. From the late period to which we have now arrived, I am enabled to make a more accurate estimate, and I am happy to say that the surplus of that year will amount, as far as I am now able to ascertain, to £104,918 8s. 2d. The increase in that surplus may be acccounted for in this way —that the appropriations of Parliament which were formerly taken into account have not all been required. In fact, what are commonly known as "savings" have swelled this surplus. I hope it will not be out of place here to point out the inconvenience which arises from this system of carrying over from year to year these savings. A practice prevails here which does not prevail in England or among the British colonies generally, of carrying over balances of appropriations and allowing them to accumulate for a number of years. In England balances are generally written off at a certain period, and if any of them should afterwards be found necessary Parliament is again invited to re-appropriate them. I propose in the Audit Bill which I hope to have the honor of submitting to Parliament, to remedy this state of things, and to provide that at the end of two years balances outstanding on votes in connection with which contracts have not actually been taken shall be written off; and if afterwards it shall be found that additional funds are wanted, Parliament may be again invited to provide for the amount required. While I am on this subject it may be as well that I should refer shortly to this Audit Bill, of which we have heard so much. The hon. and learned member for the Lachlan, Sir James Martin, said the other evening that he would be no party to an Audit Act which should in any way control the Government in their expenditure. The Bill which I desire to introduce will contain no such restriction. It will simply

provide that the Auditor-General or Audit Commissioners (as may be determined upon) shall be the officer or officers of Parliament, and that any expenditure incurred without the authority of Parliament should at the earliest period possible be reported by him or them to Parliament. That will be the main object of the Bill, and I believe it will have a beneficial effect. The surplus of 1867, namely £104,918 8s. 2d., I carry over to the year 1868 which may be said to be the last financial year of the late Government, because it will be recollected that the present Government came into office late in that year. The revenue for 1868 was £2,034,887. The savings for that year were first estimated by me at £100,000, but they have since increased to £111,645 13s. 6d. On the other side of the account we have the authorized expenditure and the amount of further charges under supplementary estimates, besides some special appropriations. But the deficiency which was estimated last year at £157,454 3s. (the deficiency which the late Government left at the end of 1868) is now, so far as we have been able to ascertain, reduced to £130,370 19s. 8d. I have made every inquiry, and do not think it is likely to be reduced much more, so that this sum may be taken to be as near as possible the actual deficiency at the end of that year. I shall now have to say something in relation to the year 1868, and I would crave the attention of hon. members while I do so. I would first point out that the actual expenditure of 1868, so far as it can be ascertained up to the present time, is £2,170,176 7s. 10d. The net revenue is £2,034,887, so that the excess of expenditure over revenue in 1868 was £135,289 7s. 10d. That is to say our predecessors spent in the year 1868 £135,289 7s. 10d. more than was actually received; but by bringing over the surplus from the year 1867 of £104,918 8s. 2d., and charging the £100,000 short-dated debentures falling due in 1878, it leaves the deficiency already mentioned of £130,370 19s. 8d. at the end of that year. I think it only right to state that had the late Colonial Treasurer not paid off a certain amount of the deficiency loan (to which I will presently refer), this deficiency would really have been a surplus. This is the deficiency which I told the House last session I intended to ask its authority to make good by a loan. I then pointed out that I had taken office with a deficiency, and that I thought it only fair, as it had been created by paying off part of the deficiency loan, which I previously had provided for, that I should ask the House for authority to borrow to meet that amount. I did so because I felt that although this deficiency was an apparent one on the year, it was really brought about by the payment of part of the deficiencies that accrued in 1863 and 1864. Although the deficiency loans had apparently been reduced by the payment of a portion of the Treasury Bills, and short-dated debentures, yet they had practically never been reduced at all. That was the position I then took, and for which I was attacked by hon. members opposite, and particularly by the hon. member for the Hawkesbury. I think the late Colonial Treasurer also took exception to my dealing with this balance in this way. On reconsidering the matter I felt that I should have been hardly justified in going into the market again for another deficiency loan; nor would it have been prudent, having due regard to the honour and credit of the country. I determined, therefore, to make this £130,000 a charge on the year 1869, and I have brought it forward accordingly. I would now ask hon. members to turn to the balance sheet for the year 1869, marked No. 3. They will there find that I have brought this deficiency of £130,000 to the debit of the account for that year, which I may call the financial year of the present Government. I may premise the remarks I have to make by telling the committee that it is a matter of congratulation to me, and I believe it will be to the country also, that the revenue of the present year will exceed the expenditure of the present year. Whilst the expenditure of last year exceeded the income, the revenue of the present year will, as far as I am able to estimate, and I can confidently rely upon my estimate, exceed the expenditure by £80,000. The revenue of 1869, as we now estimate it, will be £2,174,943; the expenditure, as far as we are able to say at present, and I believe it will turn out to be less, may be set down as £2,094,256 8s. 4d.; which will leave us, as I before said, a surplus of about

£80,000. The revenue, as I formerly estimated it, was £2,166,572; but as I now believe—and I even hope it may be something more—will be £2,174,943. If my present expectations are realised, the actual receipts will exceed my former estimate by £8,371. So that, although I was charged with over-estimating my revenue last year, with a view to make the accounts appear better, I have now the satisfaction—and I say it is an immense satisfaction—of having really under-estimated the revenue for the present year. The amount will therefore be in excess of what I estimated, and will in consequence create a surplus of £80,000. Well, I would ask hon. members to look at the account, and observe that I have brought over £130,000 of a deficiency left for me to deal with. Besides that there is another £100,000 falling due on account of the deficiency loan at the end of the present year. Now these two sums will make £230,000 of a charge upon the present year on account of the deficiency loan. It is my intention to ask the permission of the House to borrow for one-half of the £100,000, and to pay out of revenue only £50,000, thereby making a charge of £180,000 upon the account of 1869. If we undertake to pay off £180,000 of the deficiency loan in one year, I say with confidence, and I am sure all unprejudiced persons who listen to me will agree with me that we shall do remarkably well. When I say pay it, I mean make it a charge upon the revenue of the year, because I will show how I intend it to be paid off. I charge it to the year 1869, and I believe that while so charging it I can rely upon the revenue to pay it off. By charging the £230,000 to this account, and crediting the £50,000 before referred to, it will leave me at the end of the present year with a deficiency of £99,684 8s. Now, in order that hon. members may see that I have not over-estimated my revenue, and that I may give them some guarantee that this is not mere guess work, I would point out that the three-quarters' revenue up to the 30th September, gives an increase, as compared with the corresponding period of 1868, of £69,000. That is, actual receipts of the nine months of this year, as compared with the receipts of nine months of 1868, show an increase of nearly £70,000. I therefore say with confidence that my estimate of revenue for the remaining quarter of the year will be fully realised. I would however point out at the same time that while there is a large increase in the revenue as a whole, there is a falling-off to the extent of about £12,000 in the rents of pastoral runs. This is not surprising when we consider the severe season we have gone through, and the present low price of our staple product. When it is considered that we have gone through a season of great difficulty and trial, £12,000 is but a small decrease in the revenue received from the pastoral tenants. While it is anticipated that the decrease under this head will not exceed that amount, it will be found that under almost every other head of revenue there is an increase. I may now refer to another point in connection with the present year, namely, the Supplementary Estimate. The Supplementary Estimate for 1869 is smaller than any Supplementary Estimate for many years past. We directed our officers, in furnishing their Estimates for the year 1869, so to frame them as to avoid the necessity for putting items upon a Supplementary Estimate; the consequence of this instruction is that the Supplementary Estimate for the present year is £63,000 only. I will mention the amount of a few of the Supplementary Estimates of previous years, in order that hon. members may see the difference between them and the present Estimate. The Supplementary Estimate for 1864 was £96,455 3s. 3d.; for 1865 it was £84,210 6s. 5d.; for 1866 it was £153,498 14s. 5d.; for 1867 it was £107,442 5s. 11d.; for 1868 it was £155,239 10s. 4d.; and for 1869, it is, as before stated, only £63,221 9s. 6d. It may not be uninteresting to hon. members to know the heads of revenue which during the last nine months gave increases, and the sources whence the increases arise. The Customs during the last nine months show an increase of £32,710; the duties on refined sugar and molasses gave an increase of £3,953; the duty on spirits distilled in the Colony shows a decrease of £3,865; the gold revenue gave an increase of £1,330; the Mint receipts a decrease of £3,474; and the land revenue an increase of £17,971. The assessment on sheep under the Scab Act, a matter

of not much importance, shows a decrease of £2,991. The fees on inspection of cattle and sheep have decreased £39. The postage exhibits an increase of £3,010; the money-order commissions show an increase of £245; and the fees under the Registration of Brands Act show a decrease of £371. The fees under the Necropolis Act of 1867 show an increase of £1,249. Licenses show an increase of £195; fees of office gave an increase of £1,997; fines and forfeitures show a decrease of £139; rents exclusive of land show a decrease of £591; stamp duties show an increase of £3,933; railway receipts gave an increase of £27,102; electric telegraph receipts exhibit an increase of £1,193; pilotage rates, harbour dues, and fees an increase of £1,660; and tonnage dues an increase of £1,030. Under the head of miscellaneous receipts there is a decrease of £16,945, and under the head of contributions under the Cattle Diseases Prevention Act a decrease of £106. The increases amount to £97,578, and the decreases to £28,521. Now, I think, looking at this statement, it may be considered that we are in a satisfactory condition—that the resources of the colony are far greater than people are inclined to believe. Looking at the severe trials the country has gone through, the low price of our staple product, the severe season of drought last year, it is really puzzling to me, although at the same time a source of satisfaction and congratulation, to find under such circumstances that the revenue is increasing—to find that our imports and exports as well as our live stock have also increased. As a proof of this, I will read some statistical returns which I have had prepared, shewing the progress we have made. The imports in 1867 were £6,599,804, and in 1868 they had increased to £8,051,377; the exports in 1867 were £6,880,715, and in 1868 they were increased to £7,192,904. Although the drought was severe and of long duration last year, I find that the stock of the colony has been increasing rapidly. On the 31st March, 1868, the horses numbered 280,201, and in 1869 they were 283,210; on the 31st March, 1868, the horned cattle numbered 1,728,427, and in 1869 they were 1,825,222, being an increase of nearly 100,000; on the 31st March, 1868, the sheep numbered 13,909,574, and in 1869 they were 15,082,722, being an increase of over one million. I submit these returns as most gratifying. Before I enter upon the year 1870 I would like to call attention to a few matters which I think should be laid before the committee, and which appertain properly to the duty I am now performing. I would first state the position of our bank account. On the 30th of September our balances stood thus:—London account, £389,340 4s. 1d.; local general account, £246,444 15s. 1d.; suspense account, £19,775 2s. 11d.; making the total (less a small overdraft on the Civil Service Superannuation Fund), £654,880 5s. 6d. We have cash in hand at the Treasury, £507 10s. 2d., and sums to the credit of various funds amounting to £55,650; making a total of £711,037 15s. 8d. I will next refer to the state of the public debt of the colony; and although I may lay myself open to the charge of being tedious, I would ask hon. members to bear with me in my remarks upon this important matter. The following are the due dates and the amounts falling due in each of these years:—In 1867 there remained a balance of £800, which then became due; in 1869, £100,000 short-dated debentures fall due; in 1870, £100,000 short-dated debentures and £343,200 Treasury bills; in 1871, £200,000 debentures; in 1872, £100,000; in 1873, £250,000; in 1874, £250,000; in 1875, £50,000; in 1876, £735,800; in 1888, £500,000; in 1889, £893,000; in 1890, £718,800; in 1891, £225,500; in 1892, £1,782,300; in 1893, £40,000; in 1895, £832,000; in 1896, £977,400; in 1897, £65,800; in 1898, £177,400; in 1899, £48,900; and then we have also the £1,000,000 loan, of which £20,000 is to be drawn for annually, commencing with 1872; interminable debentures, or payable in 1882 at the option of the Government, £240,830; permanent debentures, £2,700; making the total amount of our outstanding debt, £9,634,430. I refer to this matter because large amounts are falling due in particular years, and also because that when the hon. member for West Sydney occupied the position of Treasurer, he proposed to consolidate the debt. This question of consolidation has forced itself upon us as a matter of necessity, and I intend, as soon as possible, to

submit a proposition for effecting this object on a plan similar to that of the hon. member—with this exception, that I propose that the payment of the debentures shall extend over a longer period, and that we shall set aside a smaller amount annually for the purpose of paying them off. Practically, however, our propositions will not vary much. I will now refer to the Treasury bills which fall due next year, and represent a portion of the deficiency loan. In dealing with these the operations have been very successful up to the present time; indeed, I succeeded in placing them upon the market at a price never previously obtained for our securities; they sold at a premium of £2 0s. 1½d. per cent., which gave us the money at about 3 per cent. Still I look upon this mode of raising money as a dangerous and improper one. These Treasury bills return to us every year, and we are at the mercy of the banks, who may or may not take them. If the money market was in such a state that the banks would not take them, we could not negotiate them, except at prices which would not be advantageous, or which might involve a great sacrifice. It would not perhaps be prudent to state the particulars of the tenders for the last issue, but I may say this that the larger portion of the amount was taken up by one bank. The time, however, may come when the banks will not require to invest in securities of this kind, and then we should be placed in a difficulty. It is only when money is abundant that the banks will take them. I do not think the Government of the country should have some £400,000 or £500,000 falling back upon them every year, and being thereby placed at the mercy of the monetary institutions of the country. I intend to submit a proposition to Parliament to enable me to raise this money in another way, and to make it a fixed debt, providing at the same time for its gradual extinction. It has been said that I always contended that the deficiency loans should be paid out of current revenue. I am ready to admit that I have done so, but I never contended that they should be wholly met in one year. When it was represented to the House by the preceding Government that there was a large surplus, I contended that the surplus should be applied to the liquidation of the deficiency loans, and I am now prepared to act upon the principle which I then contended for when in opposition. I have also had prepared an account which will be found interesting—and which I have heard the hon. member for the Hawkesbury speak of as desirable, when he and I were on different terms to those which, I regret to say, now subsist between us—I refer to the loan account. A like statement has never before been submitted to Parliament. This account shows how the loans stand at the present time. I will briefly direct attention to it. There was a cash balance at the credit of the loans account on 30th September, 1869, of £636,321 9s. 9d.; balance of debentures issued but not negotiated, £148,900. I may be permitted to diverge here to say with regard to that part of last year's loan, that we have sold £50,000 at about 101, which it must be admitted is a good price for long-dated debentures. In reverting to the account, the value of railway material in stock and chargeable to railway votes as issued, amounts to £131,323 13s. 1d.; amount of advances to the Commissioner for Railways, to be hereafter accounted for, £3,328 1s. 7d.; amount of payments, prior to 30th September, 1869, in anticipation of services proposed to be provided for by loans, as per Supplementary Estimates for 1869 and previous years, £4,222 5s.; amount yet to be raised in order to meet the following, viz.: amount short-raised under certain Loan Acts, in consequence of the debentures issued thereunder having sold under par, £440,597 18s. 11d.; charges on sale of debentures, £62,337 19s. 3d.; loss on redemption of debentures in 1867, £111 15s.; in all, £503,047 13s. 2d. It will thus be seen that the amount realised on debentures is short of the amount required to meet the appropriations by about half a million. The total amount to the credit of this account is £924,095 9s. 5d. The amount of liabilities on the 30th September, 1869, being appropriations for public works and other services, authorised to be provided for by loans remaining unexpended on that date was £1,415,530 2s. This will be reduced by £169,633 10s. 11d., appropriations estimated as not likely to be required. The deficiency before stated, viz., £503,047 13s. 2d., has to be reduced by appropriations

not required to the amount of £181,246 11s. 6d., leaving thereby a sum of only £321,801 1s. 8d. yet to be raised. Such then is the present state of the loans account, and in future there will be no difficulty in bringing up a continuation of it. Now, sir, I come to our railways—and it may be interesting to hon. members to hear something about them. The actual revenue to 30th September, 1869, was £182,533; the estimated revenue for October, November, and December is £85,000—making a total for the year of £267,533. The actual working expenses to 30th September were £120,441; the estimated expenses for October, November, and December are £42,158—making a total of £162,599. The revenue in excess of the expenditure will therefore be £104,934. At this rate the percentage on the capital of say £5,000,000 will be about £2-2s. I have had a return prepared showing the traffic rates charged in this and in the other colonies, from which it will be seen that our rates are considerably under those of our neighbours. I am of opinion that we ought not to carry for rates which would leave a great loss to the public; that while the railways are a national undertaking, we should at the same time treat them as a commercial one, and should therefore charge fair and reasonable rates, with a due regard to the interests of the country, and to the rendering of competition impossible. Our railway rates should not be made the means of gaining popularity for any Government, but should if possible be made remunerative. I put it to those gentlemen who represent places in the interior whether they would not a few years ago have gladly paid the then current rates of carriage, if they could only have obtained the certain and speedy delivery of their goods. I say that there is not a man in this colony who resides in the interior, and who had to get goods up from Sydney a few years ago, but would have willingly done that. Now, however, that the Government have been forced to become carriers, they are expected to carry at ruinously low rates. These railways are paid for out of the general revenue of the country, and not out of the special revenue of any particular district; and I take it that it is incumbent upon every Government to charge such rates for the carriage of goods which, while they defy competition, will be the highest compatible with that consideration. If we charged proper and reasonable rates there would be a very small difference between the interest payable on the capital invested in the construction of these works and the revenue we would derive from them; or, in other words, they would nearly pay the interest on the cost of their construction. I look upon railways as being absolutely necessary for the development of our resources, and I would do all that is practicable to facilitate the carriage of goods to and from the interior. If hon. members will bear with me for a few moments, I will read a return prepared for me by the Works department. I do not vouch for its accuracy, as I have not prepared it myself, but much of the information has, I understand, been obtained from the different Governments. In New South Wales there were 298 miles open, and 92 miles in progress; in Victoria, 254 miles open; in Queensland, 206 miles open, and 12 in progress; in South Australia, locomotive power, 85 miles open, and 50 in progress—of horse traction there were 33 miles open and 30 in progress. The average cost of construction per mile in New South Wales was £14,000; in Victoria, where the lines are double, £36,000; in Queensland, £10,500; in South Australia, locomotive, £15,531—horse traction, £5,000. The average cost of seven of the principal English lines was £41,373; and of 4,000 miles of lines in India, £17,000. The English and Victorian lines are chiefly double, the others mainly single. The passenger fares per mile in New South Wales are under 3d. for the 1st class, and 2d. for the 2nd class; in Victoria, 3¾d. for the 1st class, and 2¾d. for the 2nd class; in South Australia, 4d. for 1st class, and 2½d. for the 2nd class; and in Queensland, 4d. for the 1st class, and 3d. for the 2nd class. Goods rates per ton per mile: In New South Wales, 4d. for the 1st class, 4¾d. for the 2nd class, 5½d. for the 3rd class, and 9d. for the 4th class; special rates were charged at 1½d., 1¼d., and 1d.; and in Victoria, 5d. for the 1st class, 6d. for the 2nd class, 7d. for the 3rd class, 9d. for the 4th class. The rates in Queensland are much higher. In live stock and wool rates, as well as in parcels and coaching traffic generally, New South Wales rates are lower than those of other colonies.

The total expenditure on the construction of railways in New South Wales, including rolling stock and machinery, for lines open for traffic, as well as for those in course of construction, was, on 31st December, 1868, £5,222,248 7s. 8d. Receipts and expenditure for 1868 were as follows: New South Wales, receipts, £224,359; expenditure, £144,080; net receipts, £80,270; Victoria, receipts, £581,402; expenditure, £282,976; net receipts, £298,426. Queensland, receipts, £59,129; expenditure, £53,381; net receipts, £5,748. And South Australia, receipts, £82,980; expenditure £96,283; loss, £13,303. With regard to telegraphs, I may state that we have 6,000 miles of telegraph lines open, on the construction of which there has been expended £185,341 14s. 9d. I may also refer shortly, and but very shortly, because I do not wish to weary hon. members, to the question of telegraphic communication with Europe. The Government have been in communication with the Queensland Government on the subject, and they hope ere long to submit a proposal to Parliament under which a small subsidy will be payable by this country in order to obtain the advantages of telegraphic communication with Europe; the amount of the subsidy will be but small, and, it is confidently believed, may be recovered by the messages transmitted. I will also allude shortly to the fact that we have made some changes with regard to the agency in England. I do not know whether these changes have led to the resignation of Captain Mayne or not, because he does not state why he has resigned. Hon. members will recollect that some years since we invited tenders for carrying on our agency in England, and that instead of paying for the conduct of our business, we were really paid £1,000 by the firm whose offer was accepted for the privilege of being allowed to transact it. That was, no doubt, very properly considered to be a most unsatisfactory arrangement; because it was apparent that those who thus obtained the conduct of the business must get a profit out of it in some way or other. The agency afterwards passed into the hands of a firm who undertook to do it without making any charge or making any payment to the Government. After a time that was deemed almost equally unsatisfactory, and an agent was appointed at an annual salary of £1,000 and £300 for expenses, whom Captain Mayne afterwards succeeded. When I came into office it was intimated to me that our business was being carried on in conjunction with a commercial house; that our officers were in the same building; and that the same clerks were doing the business of the agency as well as the business of the commercial house. That struck me as being so improper and so derogatory to the position of this colony that I called upon the agent to inform me whether it were true. Captain Mayne replied that it was perfectly true, and that he was under the impression that he had communicated the arrangement to the Government before. In this I believe he was mistaken. Captain Mayne wrote out to say that the allowance of £300 was insufficient, that an additional annual sum of £200 would be required for a separate office, and a sum of £100 to furnish it. We thought the arrangement by which our business was transacted in conjunction with that of a commercial house, by the same clerks and under the same roof, so objectionable that we deemed it advisable to have it terminated immediately, and that Captain Mayne should be instructed to take suitable offices, and employ a proper clerical staff. We authorized the expenditure, relying upon Parliament to sanction it. In a few days I hope to lay upon the table of the House the whole of the correspondence relating to this matter. We thought that in dealing with all transactions relating to freight, and contracts for railway material, it was advisable that two colonists, resident in London, should form a Board, to act in conjunction with the agent, and to confer with him. [Mr. FARNELL: One of them is totally unfit.] I think that both of them are well fitted to discharge that duty. One of them is Mr. George Thornton, formerly a member of this House, and a gentleman of great experience, and the other is Mr. Donald Larnach, manager of the Bank of New South Wales, a gentleman of high character and ability. These gentlemen have, so far as we have been able to judge, performed their duty well up to the present time. In making these appointments the Government have been actuated by no other desire than to do

that which they believed to be for the best interests of the colony. Before I conclude these general matters I would like to tell hon. members the result of the operations of the Sydney Branch of the Royal Mint. The Sydney Mint was opened on 14th May, 1855; from that date to the 31st December, 1868, it received for coinage 6,820,198 ozs. of gold, of the value of £26,725,563. This gold was the produce of the following places, namely:—New South Wales, 4,084,007 ozs., of the value of £15,693,365; New Zealand, 1,256,563 ozs., of the value of £5,040,301; Victoria, 1,225,873 ozs., of the value of £5,052,125; Queensland, 229,562 ozs., of the value of £848,010; Tasmania, 2,188 ozs., of the value of £8,269; California, 2,248 os., of the value of £8,225; British Columbia, 218 ozs., of the value of £759; foreign coin, 19,544 ozs., of the value of £74,509. The total number of ozs. was, as already stated, 6,820,198, and its value, £26,725,563. The amounts received in each year were:—1855, 217,589 ozs., £871,300; 1856, 239,492 ozs., £939,776; 1857, 223,216 ozs., £879,182; 1858, 342,541 ozs., £1,332,034; 1859, 358,127 ozs., £1,380,403; 1860, 470,464 ozs., £1,823,638; 1861, 477,607 ozs., £1,863,632; 1862, 696,312 ozs., £2,700,452; 1863, 493,332 ozs., £1,908,527; 1864, 728,019 ozs., £2,878,399; 1865, 598,607 ozs., £2,351,402; 1866, 739,363 ozs., £2,935,923; 1867, 629,722 ozs., £2,501,369; 1868, 605,807 ozs., £2,359,526. The issues from the commencement to the end of 1868 were, in value, £26,695,156, namely in sovereigns, £23,495,500; in half-sovereigns, £1,552,500; and in bar gold, £1,647,156. The revenue from Mint charges for coinage, paid into the Colonial Treasury, up to the end of 1868, amounted to £281,928. Of this amount £185,371 was received on gold the produce of New South Wales, and £96,557 on gold the produce of New Zealand, Victoria, and other places. In August, 1866, on the publication of the Queen's Proclamation declaring the Sydney coin a legal tender on the United Kingdom, the Mint charges for coinage were reduced about one-seventh, or 14 per cent.: and again, on the 30th June last a further reduction was made by the abolition of the additional charge of twopence per ounce exacted until then as the condition of early payment. The whole expense of the Mint, from its initiation to the end of 1868, including machinery, construction, and maintenance of establishment, was £227,478. The revenue within the same period having been £281,928, the surplus of income over expenditure was £54,450, which was equal to a profit of about £4,000 per annum for the benefit of the Colonial Treasury. The Act 28 Victoria, No. 3, making a permanent provision of £15,000 per annum for the maintenance of the establishment of the Mint, came into force in this colony on the publication in August, 1866, of Her Majesty's proclamation declaring the Sydney coin a legal tender in the United Kingdom. Out of this endowment a saving of about £3,000 per annum has been made, and this saving will be returnable to the Colonial Treasury. Last year the Imperial Government took advantage of the presence of a Branch of the Royal Mint here to renovate the copper circulation of the colony. Old coin and private tokens to the amount of £2,431 were exchanged at their full current value for our bronze coin, and an additional amount of bronze coin to the value of £4,000 was put into circulation. All the expenses of this service were borne by the Imperial Treasury. A supply of bronze coin is kept in store at the Mint to provide for the due maintenance of a healthy circulation. The silver naturally present in much of the gold of these colonies has hitherto been lost on account of the inconvenience and expense of applying any of the old methods of refining to the extraction of the silver from the gold. A simple and economical method of refining has however recently been discovered by one of the officers of our Mint, and active steps are now being taken to bring the system into operation. When this is accomplished, which will probably be about the end of the year, a considerable benefit will accrue to the public; and also, it is expected, to the revenue of the Mint. I may further state that I have, through His Excellency the Governor, applied to the Imperial Government to allow the silver coinage to be dealt with in the same way as the copper coinage has been dealt with here, so that I hope we shall soon be able to substitute a more perfect coinage for that

which is at present in circulation. I now proceed to deal with the estimated account for the year 1870. Hon. members will recollect that I brought down a deficiency balance for the year 1869 of £99,684 8s. The revenue for 1870, as I have estimated it—and I have estimated it on the basis of the receipts of the present year—will, I feel assured, be fully realised. Looking forward to the increased prosperity of the country, and to the fact that our mines are becoming more productive, and our population increasing, I think we may reasonably expect an increase of revenue for the year 1870. I have therefore estimated the amount at £2,269,746. Comparing this amount with the revenue of 1869, it shews an increase of £94,803. Before proceeding further I desire to refer to the estimates of expenditure for 1870, and while doing so should like hon. members to follow me. The estimates of expenditure shew reductions to the amount of £114,545, against which there are increases amounting to £67,602. I am not now speaking of special appropriations, nor yet of the interest on the public debt, but of the items in the general estimates. As some hon. members seem to doubt this assertion I will go through every item of these reductions and increases. I do not say these are all savings, but they are reductions. In schedules A, B, and C there is a decrease of £2,033; in the establishment of His Excellency the Governor there is a decrease of £120; in the Legislative Council there is an increase of £300; Legislative Assembly, a decrease of £13; Legislative Council and Assembly, an increase of £48; Parliamentary Library, an increase of £19; Colonial Secretary, an increase of £110; Volunteers, a decrease of £2,003; Police, a decrease of £23,518; Gold and Escort, a decrease of £2,000; Gold Receivers, an increase of £20; Petty Sessions, a decrease of £3,836; Gaols and Penal Establishments, a decrease of £14,179; Lunatic Asylums, an increase of £4,377; Vaccine Institution, Coroners' Inquests, Surgeons' Fees, Aborigines, Medical Adviser, Vaccination, Medical Officers, &c., an increase of £2,475; Auditor-General, an increase of £50; Registrar-General and Brands' Registration, a decrease of £360; Colonial Agent, an increase of £200. There is an increase of £5,000 in the item for Public Instruction. This is one of those items in which an increase is both inevitable and desirable. In the item Grants in aid of Public Institutions there is a reduction of £300; Industrial Schools, a decrease of £1,531; Reformatory for Girls, Newcastle, an increase of £285; Inspector of Public Charities, a decrease of £300; Protestant Orphan School, a decrease of £388; Roman Catholic Orphan School, an increase of £154; Asylums for the Infirm and Destitute, a decrease of £2,750; Charitable Allowances, an increase of £1,700; Miscellaneous Services, a decrease of £1,075; Law Officers of the Crown, a decrease of £52; Supreme and Circuit Courts, a decrease of £100; Sheriff, a decrease of £215; District Courts, a decrease of £15; Quarter Sessions, a decrease of £1,250; Treasury, a decrease of £35; Stamp Duties, an increase of £125; Customs, a decrease of £3,726; Printing, Bookbinding, and Postage Stamps, a decrease of £1,280; Stores and Stationery, a decrease of £8,375. The Store Department belongs to the Treasury, and I have directed my attention to that department as one in which a considerable saving might be effected. I believe that in all the public departments more stationery is used than is necessary. After communicating with the Clerk of Stores I came to the conclusion that the service might be carried on with a considerably less quantity. Circulars were accordingly sent to the officers connected with the issue of stores, urging upon them the necessity of exercising economy. It has hitherto been the practice to send home for clothing. This year I have accepted contracts for the material only, intending to have the clothing made up in the colony. A considerable quantity will be made up in the gaols. I believe that by this means a larger saving will be effected than is shown by the estimate. Indeed I anticipate that more than £10,000 will be saved in the Store Department alone. The next item is for the Gunpowder Magazines, which showed a decrease of £140; Health and Immigration Officers, an increase of £5; Quarantine, a decrease of £400; Shipping Masters, an increase of £21; Harbours, Lighthouses, and Pilot Department, an increase of £64; Miscellaneous Services, a decrease of £3,357; Department

of Lands, a decrease of £91; Survey of Lands, an increase of £9,660; Occupation of Lands, a decrease of £146; Goldfields, a decrease of £1,520; Prevention of Scab in Sheep, an increase of £357; Botanic Gardens, an increase of £1,705; Government Domains and Hyde Park, a decrease of £1,467; Roads, other than main roads, an increase of £3,426; Necropolis, Haslem Creek, a decrease of £656; Miscellaneous Services, Lands Department, an increase of £5,126; Department of Public Works, a decrease of £50; Railways, an increase of £31,375; Harbours and River Navigation, a decrease of £3,065; Colonial Architect, an increase of £50; Public Works and Buildings, a decrease of £10,550; Roads and Bridges, a decrease of £12,303; Fitzroy Dock, a decrease of £4,352; Miscellaneous Services, Works Department, an increase of £500; Post Office, a decrease of £3,903; Money Order Department, an increase of £150; Electric Telegraphs, a decrease of £3,491; making a total for decreases of £114,545, against which there were increases to the amount of £67,602. Whether the reductions had been made or not the increases would have been inevitable. It will, perhaps, be inconvenient at this time for me to go into a defence of the Government scheme of retrenchment. Retrenchment is one of the most difficult questions which could beset any Government. But I think this Government has taken it in hand in the only way in which it can be taken—that is, by a re-organisation of the Public Service. I am not now going to discuss the merits of the proposition of the hon. Colonial Secretary with regard to the police, but I may say this—the present system of police was as loudly condemned when it was brought in by Mr. Cowper, as any system could have been, and those who then condemned it are now the loudest in their opposition to any alteration. I believe if a fair trial is given to the proposition of the hon. Colonial Secretary a greater saving will be effected than has even been stated. Having now referred to the reduction of the Estimates, and having shown that there would be a very great reduction in the expenditure of the country, I will now turn to the revenue. I propose to ask the House to amend the Stamp Act, by which amendment I expect to get an increase in the revenue from that source of £55,000. I do not propose to increase the number of the items in the schedule of that Act, but I propose to reduce some of the charges as they stand in the present Bill. I propose to make the law operative, so that it cannot be evaded as it is at the present time. My proposition will have the effect of making that Act really yield the revenue which was intended, and therefore I expect to get £55,000 extra. If time will not permit of my getting the proposed Bill through before the close of the year, I may perhaps have to ask the House to pass a short continuing Bill, so as not to allow the present Act to lapse. If that course should be found necessary I am sure hon. members will have sufficient regard for the interests of the country to assist me in passing such a measure. I know there are some hon. members who are opposed to every system of taxation, but I am content to rely on the patriotism and good sense of the House. Then again I expect to receive a very large increase from conditional land purchases. The present Government have issued a regulation by which they have made it optional with conditional purchasers to pay their balances by instalments of not less than 1s. per acre. I have estimated the increase from this source at about £30,000, but I believe, from the eagerness of a great number to pay up their balances, the amount received will be very much larger. The free selectors themselves will hail this regulation as a great boon. They will now be able to pay off their balances as they have money to spare, and thereby lessen the annual interest. We propose to give the land agents a small commission for collecting these balances and the interest that may be due from time to time to the Government. These agents, from whom we shall take additional security, will see it to be to their own interest to hunt up the free selectors, and explain to them the advantage which will accrue to them from paying up their balances, by instalments of 1s. per acre. In this way we shall, I believe, obtain a much larger sum than I have estimated. Before I proceed further I will tell the House the amount now due by conditional purchasers. The amount due on purchases prior to 1868 is £887,262. That is the amount upon which interest

is payable. But the whole amount of balances, including those upon which interest is not yet payable, is £1,366,900. The quantity of land taken up this year, greatly exceeds, as stated in his Excellency's speech, that of any year since the passing of the Land Act, and it is estimated that the number of those who will have taken up land in 1869 will be about 5,000. I have in my hand a return showing the amount received as deposits on conditional purchases, the amount of deposits refunded, and the amounts received as balances on such conditional purchases in each year, from the passing of the Crown Lands Alienation Act of 1861, to the 31st December, 1867. From this return it appears that the deposits in 1862 were £88,888; in 1863, £63,902; in 1864, £41,174; in 1865, £37,862; in 1866, £89,663; in 1867, £59,503, making a total of £380,995. Deducting refunds £52,973, the net deposits amount to £328,021. These figures, multiplied by three, will give £984,063. From this we must however deduct £96,802 for balances paid. This certainly proves that there is a disposition on the part of many of the selectors to pay up. There is, in fact, a natural desire on the part of men to acquire the fee simple of their property, and they will strain every nerve to do it. [Mr. SUTHERLAND: Unless they are persuaded otherwise.] Unless repudiation is urged upon them—unless they are persuaded otherwise—I have no doubt they will come forward and pay. Having indicated to the House the sources from which I estimate there will be an increase of revenue, I now come to what no doubt many have looked for anxiously—the duties we intend to give up. In the first place we intend to give up the postage charge on newspapers. I have not myself been favourable to giving up this charge for I was in favour of its imposition. A great deal might be said on both sides with regard to it, but it is not a matter of such importance that I should stand out in opposition to an order of this House. The House ordered that this rate should be given up; a number of my colleagues are in favour of giving it up, and public feeling being also in the same direction, I have somewhat surrendered my views upon this matter. There must in all cases of this nature be some compromise; but whilst I would be the last man to give up my views on any question of great importance, unless convinced there were good reasons for it, I felt that I might in this case consent to the repeal of this charge without any great inconsistency. I now come to a matter which will be of far greater interest, namely, that relating to *ad valorem* duties. I do not think any one will be surprised, knowing the views I have always held, that I should wish to get rid of these duties at the earliest possible moment. I looked upon their imposition as a retrograde step. The hon. and learned member for the Lachlan (Sir James Martin) told us the other evening that the advantage of indirect taxation through the Customs was that a man did not feel when he paid taxes in this way! A man might be greatly robbed without knowing it! I look upon the mere fact of a person being deprived improperly of that which belongs to him, as an injustice; and because he did not know it, that circumstance should certainly not be used as an argument in favour of his being robbed. The Customs' taxes fall upon the great mass of the people. They fall upon the consumer, and any tax whatever which throws the whole burden upon the people generally, and does not distribute it according to means, is unfair and unjust; but more unjust is that tax which permits evasion, by which the revenue is defrauded and the honest trader injured. Only this day a case came before me of a flagrant character. An entry was passed a few days ago for goods, the declared value of which was about £500. They were stopped by the Customs officers, and had since been declared by sworn valuators to be worth double the amount. These goods came out by the last mail steamer to a house of standing in this city. [Mr. WILSON: Their names ought to be published.] I think they ought, but it would not be desirable for me to publish them now. This is not the only case, and therefore I do not desire to single out any particular house. [Mr. WILSON: They ought to be published.] I will not do it now. (Hear, hear.) This return of the valuators only came into my hands to-day. Yesterday it was pointed out to me that one house, dealing in soft goods, paid one-seventeenth of the whole of the *ad valorem* duties received in this

colony. Do hon. members think that any one house does one-seventeenth part of the business of the colony? It is an iniquitous and improper system, and one which I hope I may have the honour and satisfaction of repealing. If it were in my power I would repeal the *ad valorem* duties tomorrow. But it cannot be done with justice to those who have large stocks on hand. I therefore intend to propose that on the 30th June next the *ad valorem* duties shall be reduced one-half, and that the other half shall cease to be collected at the end of 1870. Although £180,000 is about the amount of revenue derived from the *ad valorem* duties, I have estimated them for 1870 at only £120,000; so that I expect to lose £60,000 from this source, and £10,000 from the newspaper tax this year. After giving up £70,000 of revenue, and paying off £230,000 deficiency loans, I still expect to have at the end of next year a surplus of about £8,000. I have had the satisfaction on two occasions of correctly estimating the revenue, and I think the House may confidently believe that I have not over-estimated it on this occasion. Having said that I shall require no new taxation for 1870 it may be asked what course I intend to take if the revenue should be found insufficient? I believe it will be amply sufficient; but if it should not be so, the Government must go on further, and retrench. Without the *ad valorem* duties, the revenue is over two millions; and surely that ought to be sufficient to govern 500,000 people. It ought to be sufficient; and if I remain a member of the Government I will do all I can to make it sufficient. If, however, with our railway extensions and other charges, additional taxation should be imperative, I shall be prepared to go to the property of the country and make its owners pay their fair share of taxation. I ask, what does property in this country pay for the protection which is accorded to it? It pays nothing. The poorest man in the country contributes as much as the wealthiest. It is our warehouses stored with goods, and our houses filled with valuables, which occasion the necessity for expenditure on police and gaols. Except through the Stamp Act nothing whatever is obtained from property. Property is increased in value by the extension of railways, and by the erection of bridges and other public works, and it is for its protection that our large expenditure is incurred; and yet property contributes nothing to the taxation of the country. I know I shall have the hon. member for the Hawkesbury coming out with a speech of mine delivered in 1865, in which I argued against property and income tax. I plead guilty to having done so on that occasion, but how was I situated? Mr. Cowper invited me to become his colleague as Treasurer, and I found a deficiency of eight hundred and some odd thousand pounds, and no provision made to meet it. I came down with a scheme in accordance with the views I held then to collect the revenue from duties which would be as nearly as possible in accordance with the principles of free trade and with a due regard to the fiscal requirements of the country. I proposed to levy a duty on tea and sugar, and I am neither afraid nor ashamed to acknowledge it. I proposed also a scheme of trade licenses. Our position was such that we wanted revenue immediately, and, though I felt that an income and property tax was undesirable in a country like this, I nevertheless did argue in favour of that tax. If the necessities of the country demand it we must have it. My proposals were then made under pressure of immediate wants, and there was no time for delay. I would avoid an income and property tax if I could; indeed I would do anything to avoid increasing the taxation of the people in any form whatever. I do not think we shall require to increase the taxation now, but if we should find it absolutely necessary I shall prefer an income and property tax to the *ad valorem* duties. I would prefer an income tax—to use the words of the hon. member for the Lachlan—to taking the money out of people's pockets in such a way that they do not feel it. If the people felt that they were paying the taxation of the country they would not submit to extravagant expenditure. They would wake up and resist extravagance and improper public appointments. I will be no party to fettering the trade of the country. My efforts and exertions shall rather be directed in the opposite direction—to relieve the industry of the country. If we take off these *ad valorem* duties we shall reduce the cost of living to every

person in the country, and when we reduce the cost of living we benefit the general masses of the community. It is my decided opinion that we shall not require to increase the taxation, for I believe the Estimates of revenue I have had the honor to submit to the committee will be fully realised, and that at the end of 1870 we shall have the surplus I have indicated. Having now, Sir, gone through the whole of these accounts, I wish, before closing, to give the committee a short *resumé* of what I have brought under notice. I have shown how we intend providing for the £130,000 deficit of 1868—that I intend to pay off £100,000 of short-dated debentures during the years 1869 and 1870—that we have effected considerable reductions in the public expenditure of the country, and that if we remain in office we shall endeavour to effect further reductions—that we have initiated steps for the abolition of a vexatious impost, one to which the whole community almost to a man, excepting those who are in favour of protective duties, are opposed to—that with a due regard to economy, and with a prospect of the realisation of the Revenue Estimates submitted, we shall not require the whole of the *ad valorem* duties in 1870—I have explained to the committee that it is desirable to amend and continue the Stamp Act. I have shown the present state of the public debt and the position of the public account; and I think I may claim for the Government the credit of having been the first to arrest the onward progress of the deficiency, and establish an equilibrium between the revenue and the expenditure of the country, and that we have brought that expenditure within our income. I have now only to thank hon. members for the patient hearing they have given me. If I have fallen short of what might have been expected, I can only say, Sir, I have done the best in my power to make clear the financial position of the country, and to lay before the committee the views of the Government with regard thereto. Whatever may be the result of this debate, I at all events feel that I am actuated by no other desire than to do the best I can for the country.

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE SAUL SAMUEL, made 17th February, 1870.

[*From the Sydney Morning Herald of* 18*th February*, 1870.]

LEGISLATIVE ASSEMBLY.

Thursday, 17th February, 1870.

FINANCIAL STATEMENT.

MR. SAMUEL said: Mr. Lackey, it now devolves upon me to state to the committee the present financial position of the country. This will be the third statement that I have had the honor to make since I entered upon the duties of Treasurer in October, 1868, and it is the second which I have made for the present year. These financial statements are of a dry and uninteresting character, and I am not aware that anything has occurred to prove that this will be an exception to the rule, for I have only to deal with matters which must be familiar to hon. Members. During the interval that has elapsed since I made my last statement very little change has taken place in the financial position of the country, so that in point of fact there is very little novelty that I can introduce in the statement I am about to make. From the fact that the year 1869 is concluded, I am now, however, enabled to deal not with estimated figures, as in October last, but with actual results. I will not detain the committee by further remark, but will ask them to look at the statement of accounts for the year 1868, which will now be distributed. I would request hon. Members to follow me as closely as they can, while I endeavour to make these accounts as intelligible as possible, in order that they may perfectly understand them. The credit balance of £256,547 19s. 3d. with which I start the account just handed to hon. Members is that which stood in the books of the Treasury at the credit of the Consolidated Revenue Fund on the 31st December, 1868. There is also on the same side of the account an amount of £25,000 received in 1869 from the Government of Victoria on account of the Murray River Customs of 1868, and there are also some repayments made in 1869 on account of services for 1868 and previous years. On the debit side there are charged payments made in 1869 on account of 1868 and previous years services to the amount of £319,134 18s. 1d. There is also £32,881 9s. 4d., amount of a Supplementary Estimate for 1868 and previous years, less the sum of £24,466 0s. 6d., paid to the 31st December, 1869, leaving a balance unpaid of £8,415 8s. 10d. Then there are votes and balances of votes for 1868 and previous years still retained as liabilities on the Consolidated Revenue Fund, amounting to £70,117 13s. 3d. Taking the aggregate amount of the credits from the aggregate amount of the debits thus shown, the result is a deficit on the 1868 account of £110,743 14s. 1d. In October last year the deficit was estimated by me at £130,000; but as certain amounts which we consider are not likely to be required, have been written off since, the deficit has thereby been reduced to the amount stated. Indeed the outstanding liabilities of £70,000 may perhaps be still further reduced. The expenditure of the year 1868 was £2,165,274, and the revenue £2,034,887. £100,000 of short-dated debentures were paid off during this year, so that it left the excess of expen-

diture at £130,387 over revenue; but if that £100,000, which did not properly belong to the ordinary expenditure of the year, had not been charged then the deficiency would only have been £30,387. Now, I will ask hon. members to turn to the balance sheet for 1869, which will be distributed. They will see by that account that I started with an established deficiency on account of 1868 and previous years of £110,743 14s. 1d. The appropriations and other charges for 1869 are £2,117,261 6s. 8d., besides which there is an amount of £106,085 8s. 6d. on the Supplementary Estimates of the present year. This is the supplementary estimate which in October last I estimated would be £63,000. As I will go more into detail about that presently, I now simply content myself with calling attention to the circumstance. The next item in the account is that for special appropriations, which amount to £15,410 5s. 6d; and the next £100,100 for short-dated debentures falling due in 1869, being part of the deficiency loan, about which I shall also have to speak presently. On the other side of the account I credit the net revenue for 1869, which is now ascertained to be £2,196,970 5s. 10d. This includes £30,000 due by the Government of Victoria at the end of the year, on account of the Murray River Customs, which amount has since been in part adjusted. The appropriations for services of 1869 not likely to be required are estimated to amount to £100,000. Although we usually take credit for only £100,000, the amount is seldom less than £140,000 or £150,000. I, however, have followed the practice hitherto observed, as it would not be prudent in my opinion to take credit for more than usual. The amount proposed to be raised by loan for additional public works for 1869 is £97,999 10s. 7d. It will thus be seen that by charging the estimated deficiency of 1868, which is £110,743 14s. 1d., and the £100,000 of short-dated debentures falling due, and which is part of the deficiency loan of 1864, the result is a deficit at the end of 1869, of £152,530 8s. 11d. I would like to point out that the actual revenue of 1869 is £2,196,970 5s. 10d. When I made my financial statement in January, 1869, I estimated that the revenue would be £2,166,572, so that the actual revenue is £30,398 over the estimate which I then made. But take my estimate in October, 1869, of £2,174,943, when I was better able to judge of the operations of the year, and it will be seen that the revenue exceeded my estimate (it is very gratifying to be able to say) by the sum of £22,027. But I may say further—and it must be a source of satisfaction to hon. members and to the country—that the revenue received in 1869 was the largest amount ever received in one year in the colony. While a considerable portion of this large amount had been raised by taxation, a very considerable sum was derived from the progress that is being made in the settlement of the country. Now, I think I should, before proceeding further, show how it is that the Supplementary Estimates of 1869 are so much beyond what they were estimated to be when I made my statement in last October. Supplementary Estimates are an intolerable nuisance to every Finance Minister. When the Colonial Treasurer prepares his Estimates he applies to the head of every department to know what amount he will require for the year's expenditure, and he receives from each a detailed account of his expenditure. I always impress upon the head of every department the expediency of avoiding a Supplementary Estimate. I urge upon these officers to give me the whole expenditure of the country as nearly as they can arrive at it, to enable me to provide the necessary Ways and Means. In October I found there was a Supplementary Estimate, which, though the smallest we ever had, was still, I believed, all that would be required. At a later period of the year I found that that Supplementary Estimate was insufficient, and that a further sum of £40,000 was required. Hon. members will see that this does not form part of the ordinary expenditure of the country. It is what may be called extraordinary expenditure; that is to say, it is not departmental expenditure. It is not required for the payment of salaries—nor for an increase in the number of public servants—but it is required for various services, which cannot be foreseen. If hon. members will follow me I will go through some of the items of increase in the Supplementary Estimates. Newcastle

Industrial School—provisions, £400; lunatic asylums, £1,350; grants in aid of educational institutions, £845; charitable allowances, £1,270; Free Public Library (a new item), £470; expenses of Returning Officers, £3,000. This was consequent on the general election, and could not possibly be foreseen at the time; towards the erection of a statue to Captain Cook, £300; expenses of the Commission appointed to inquire into the cause of floods in the Hunter River district, £245 10s.; stores and stationery for the Public Service generally, £2,800; balance of claim for warlike stores obtained from the Imperial Government in 1854-5, £3,690; Murray River Customs payable to Victoria, £7,992 16s. 3d. (this item appears on both sides of the account); commission to land agents, appraisers, and others, £2,700 (this arises from a larger quantity of land being sold than was originally estimated). There is an increase of £15,000 in railway working expenses. The total of these items is £41,072 15s. 9d., which is about the amount of the increase in the Supplementary Estimate. This increase is one of those matters which it is quite impossible to foresee, but it is one of those matters I shall endeavour, if I remain in office, to guard against in future by the adoption of a different system. I may now mention another point: In my last statement I estimated that the excess of revenue over expenditure would be £80,686 11s. 8d. at the end of 1869. Instead of that, the excess was £58,213 5s. 2d. That is to say, the revenue exceeded the expenditure by over £58,000. I do not include in that sum £100,000 of short-dated debentures charged upon the year. But the ordinary revenue exceeded the ordinary expenditure by £58,000; while in the preceding year the expenditure was slightly in excess of the revenue. I may also point out, before I proceed to deal with the year 1870, that both the railway expenses and the Murray River collections which appear as a charge upon the revenue, are always represented by receipts—that is to say, in the case of the railways the receipts are largely in excess of the expenditure, and the Murray River Customs, which we charge in the Estimates, is the amount which we collect upon the border for the Victorian Government under an agreement between the two Governments. So that though these amounts appear as charges upon the revenue they do not form any portion of the ordinary expenditure. About this I shall have to say more presently; in the mean time I must ask hon. members to turn with me to the account of 1870. Hon. members on looking at that account will see that I start with an estimated deficiency of £152,530 8s. 11d., brought from the year 1869; I charge £2,148,906 as the appropriations for the year, and £100,000 as another instalment towards paying off the deficiency loan. On the other side I have an estimated revenue of £2,282,796, and the amount proposed to be raised by loan, namely £1,571,600, which, it will be seen, appears on both sides of the account. The estimated deficiency at the end of the year will be £118,640. I wish to call hon. members' attention to this, that, after having charged myself with £152,000, the deficiency at the end of 1869, and £100,000 for short-dated debentures falling due this year, a deficiency of only £118,640 8s. 11d. is the result. So that it will be apparent that this deficiency is not caused by the ordinary expenditure for these years, but by paying off or charging these deficiencies of previous years. Had these sums on account of deficiencies not been charged, the ordinary revenue of the country would have exceeded the ordinary expenditure by about £200,000. That is to say that during these years 1869 and 1870 the ordinary revenue would exceed the expenditure, and there would be no deficiency, but rather a surplus. Not only have I charged these amounts, which produce this deficiency, against the account, but I have reduced the estimated revenue derivable from *ad valorem* duties to the extent of £40,000; and there will also be a further reduction, by the abolition of the postage upon newspapers, of £10,000. But the estimates also provide for an increase of £55,000 annually by an amendment of the Stamp Act. I may inform hon. members that, in estimating that increase on stamp duties, I do not intend to propose any increase in the items on the schedule of that Act. I simply wish to ask the Parliament to make the Act operative. At present it is evaded in every way; the honest person pays, but

the dishonest does not. The Act is extensively evaded, and the revenue originally expected from it is not realised. I ask for nothing more than that the Act be made operative, and it will then give us an increase of £55,000 annually. The estimate of revenue for the year 1870 is £2,282,796, and the estimated expenditure proper will be £2,148,906; so that if we were to exclude the £100,000 which falls due in 1870, there would be an excess of revenue over expenditure of £133,890. I shall not further detain the committee, but at once tell them how I propose to deal with the estimated deficiency at the end of 1870, and how to meet this deficiency and the loss of revenue by by the abolition of the *ad valorem* duties. I intend to ask authority to borrow for the outstanding amount of the deficiency loan, as it matures, to the extent of £700,000. The deficit was originally £850,000; about £150,000 have been paid off, and there appears outstanding a sum of £700,000. I intend to ask the House to permit me to borrow as it falls due this £700,000, which includes the £100,000 paid off in 1869. If we do this we not only do away with the necessity for increased taxation but we are enabled to repeal an obnoxious impost at a cost of £35,000 a year, the interest of this debt, which interest is already provided for in the Estimates for 1870. If we increase the burdens of the people we have no guarantee that the produce of these burdens will not be absorbed extravagantly as before. It is not the expenditure during our administration in 1869 which has brought about these deficiencies. They are the results of past years, and being the results of past years I think it is desirable at this particular moment, in order to avoid casting additional burdens upon the people, to adopt this method of continuing the loan, and to put off the day of payment rather than resort to an objectionable system of taxation. But there is something more in connection with this. We are not pressed in any way to pay this amount. There will be no difficulty in raising this amount at any time. I have an idea that a small funded debt for this Colony is most desirable. By such we would provide an investment for trust funds, which is much required. This is a Loan which should not be sent out of the Colony, and may be well retained here. I put this matter to hon. members, I put it to them whether they will force upon the country the necessity for increased taxation, or adopt the plan I suggest? I know I shall be charged with inconsistency in making this proposal; but I do not think hon. members will care much for these charges even if they are proved, if the propositions I now make are for the benefit of the country. I am prepared to bear all the odium that can be heaped upon me, believing that I am now doing what I consider to be the best for the interests of the colony. This is not the first time it has been proposed to borrow money to meet these loans. It was proposed on a former occasion by myself, and it is the practice to renew annually the Treasury bills. The proposition is this—bringing down the estimated deficiency and taking credit for the £200,000, I propose to borrow, the balance will be £81,359 11s. 1d. Before this is assented to, hon. members have a right to ask whether it will enable the revenue to bear the loss of the *ad valorem* duties without increased taxation for 1871. I have prepared a statement which I think clearly proves that this can be done. The borrowing of this £200,000 to meet the deficiency loan instalments of 1869 and 1870 will enable the ordinary revenue to cover the ordinary expenditure without the *ad valorem* duties. I am not, as hon. members are aware, called upon to deal with 1871, but with 1870, and to state how I propose to provide Ways and Means to meet the expenses of that year only. When I propose to give up £140,000 I should however be prepared to show that this remitted duty can be dispensed with. I will now explain this: If we bring forward the creditor balance of £81,385 11s. 1d. at the end of 1870, and take credit for the revenue based upon the Estimates for this year, less £140,000 for *ad valorem* duties, and charge £2,148,806, appropriations based on the estimates of 1870, together with £50,000, which will probably be required for additional interest on the public debt, there will appear a surplus of £25,249 11s. 1d. at the end of 1871, which I do not think is an over-estimate. We may reasonably hope, looking at the improved prospects of the

country, and the splendid harvest just got in, for an increased revenue in future. I hope I have made clear to hon. members what I really propose to do. In borrowing this money, it is not for the ordinary expenditure of the two past years, but for the deficiencies of previous years. I propose that the *ad valorem* duties shall be repealed—one half at the end of September in the present year, and that they shall cease and determine altogether at the end of the year. We shall after the end of September next collect one half only, and at the end of the year they shall cease entirely. I will now say something about a matter of which we hear a great deal. It is the question of retrenchment. We have endeavoured by every means in our power to see in what direction retrenchment can be made, but we have been able to do very little in that direction [Hear, hear from the Opposition.] But that little at all events is not so small as to be insignificant. My hon. friends opposite might have spared their cheers. We have in the Estimates of 1869 succeeded in knocking off an amount of over £100,000, and I will shortly show what these items are. In the Estimates-in-Chief for 1870 there is no doubt, as was pointed out last night, an increase in the aggregate; but if it had not been for these reductions of over £100,000 in 1869 there would have been another £100,000 increase. It will be seen that the increases are unavoidable, and do not belong to the ordinary but to the extraordinary expenditure of the country, while the decreases occur chiefly in the ordinary expenditure. The decrease on the Volunteers for 1870 is £2,003; on police, £23,518; gold and escort, £2,000; Petty Sessions, £3,911; gaols and penal establishments, £14,179; asylums for the infirm and destitute, £2,750; Quarter Sessions, £1,150; Customs, £3,276; printing and bookbinding, £1,280; stores and stationery, £8,515; gold-fields, £1,450; domains and Hyde Park, £1,467; harbour and river navigation (Public Works), £1,590; public works and buildings, £5,178; roads and bridges (construction and maintenance), £7,915; Fitzroy dock, £3,066; post office, £3,485; electric telegraphs, £3,081. I will now ask hon. members to look where the increases are. Lunatic asylums, £5,406; public instruction, £5,000—this is an additional vote to the Council of Education, which I suppose no hon. member will be disposed to find fault with; Free Public Library, £4,656; increase granted in aid of public institutions, £1,050; charitable allowances, £2,100; survey of lands, £11,142—this large item is occasioned by the progress of the settlement of the country, and by the increased number of conditional purchasers, who last year exceeded the number of any previous year; roads other than main roads, £6,566; £5,000 of this was forced upon the Government by the last Assembly. There is an increase of £31,200 on railway working expenses. As railways are extended these expenses must necessarily increase; but there is also a corresponding increase in the revenue. Harbour and river navigation, £3,354; interest on public debt, £41,226. I hope I have shown satisfactorily that the Estimates are increased by charges which are inevitable. But these Estimates have been increased by the action of the Government to the extent of £100,000. Many are under the impression that we are very extravagant, and that the ordinary expenditure of the country is growing as we grow older. But this is not the case. The expenditure grows with these extraordinary items. If the railways and telegraphs are extended further you must have larger expenditure. The same with the interest of the public debt. But the amount for departmental services is not much greater for the year 1870 than it was in 1865. I feel these details are very tedious and not over interesting, but it is necessary that they should be made known, because it is desirable that this question should be understood and set at rest. Those hon. members who urge retrenchment do not show in what direction it should be made. The Estimates of 1865 were £1,824,245; in 1870, they amount to £2,148,906. The increase arises in this way: The interest of the public debt in 1865 was £316,458; in 1870 it will be £487,160, or an increase of £170,702. There is another charge which appears on our Estimates. It is for drawbacks and refunds of duty. It always appears upon the Estimates and is only a return of revenue for goods exported. In 1865 it was £25,000; in

1870, £35,000. So that there is an increase of £10,000 which does not belong to expenditure proper. There are also returned receipts in 1870 amounting to £15,000, being an increase of £5,000 on 1865. The charges of collection (a peculiar charge) were £1,000 in 1865, and £3,000 in 1870, showing an increase of £2,000. In these items no reduction is possible. The expenses of troops in 1865 was £15,729; in 1870, £22,000. This is a charge we cannot reduce; it is provided for by special Act of Parliament. Then there is an item of £15,000 for the Mint in 1870, which is an increase of £874 over 1865, but a considerable portion of this will be returned, and the actual expenditure it is estimated will be only about £12,000. The cost of the Volunteers in 1865 was £8,729; in 1870 it will be £11,966. This is an increase of £3,237 on 1865. The amount for public instruction in 1865 was £70,000 against £105,000 in 1870, being an increase of £35,000. Charitable allowances amounted to £21,993 in 1865, and to £36,381 in 1870. This is an increase of £14,388. Railway working expenses in 1865 were £99,500, and in 1870 will be £171,250, increase £71,750. Steam dredges, stores, repairs, &c., cost £7,100 in 1865, and £10,000 in 1870. Public works and buildings in 1865 amounted to £47,621, and in 1870 to £67,122. The total net increases is £78,301, so that, in point of fact, the ordinary departmental expenses of the country for 1870 will not much exceed those of 1865. The whole of the items upon which there are increases owe chiefly those increases to the progress of the country and the extension of public works. Some hon. members talk about effecting retrenchment by the reduction of the salaries of public servants. Some of those salaries it must, however, be remembered, are provided for by special Parliamentary appropriations. I do not think that any appreciable reduction could be made in the salaries of public officers. If retrenchment cannot therefore be made from this source, can we get it from any other? Unless hon. members are prepared to diminish the charges for minor roads and bridges and works and services of a similar kind, I do not see how any large reduction of the expenditure can be affected. I do not mean to say that I entirely dissent from the possibility of retrenchment, but I believe it is a matter which can only be accomplished as opportunity offers, and that it must be gradual. As vacancies occur retrenchment may be effected, but I do not see how in any other way large reductions in the expenditure can be made. I think it my duty now to point out to the House the state of our banking account: On the 31st of December, 1869, we had in the Bank of New South Wales local account £412,602; London account, £326,208; and cash in the hands of the chief clerk of the pay branch, £20,883,—making a total of £759,693. On the 14th February last the account stood as follows:—Bank of New South Wales local account, £442,684; London account, £307,469; cash in hands of chief clerk, £392,—making a total of £750,545. The following is an account of the public debt as it stood on 31st December, 1869:—Long-dated debentures, £8,652,030; short-dated ditto, £550,800; Treasury bills, annual currency, £343,200; total debt outstanding, £9,546,030. Add debentures remaining unsold 31st December, 1869, £137,300; total outstanding and authorised debt, £9,683,330 The proposed new loans are as follows: Balance required to be raised to meet loss in the negotiation of sums from time to time, £322,709,12s. 6d.; to provide for short-dated debentures due 31st December, 1869, £100,000; railways, and other public works, as per Estimates-in-Chief for 1870, £1,571,600; public works as per Supplementary Estimates for 1869, £97,990 10s. 7d.; these would bring the debt up to £11,775,630 8s. 1d. Before concluding, I would wish to point out that the sum set down in October last for the extension of railways was £1,600,000. The amount on the present Estimates is £1,248,000. It is intended to complete the lines from Murrurundi to Tamworth in the north, to Orange in the west, and to Yass in the south. The Estimate was formerly prepared on a calculation of £10,000 per mile. The Engineer-in-Chief, however, now estimates that the lines may be made for £8,000 per mile. The surveys are all completed. He is thus enabled more accurately to estimate the cost, and he believes he will be able to construct these lines at the reduced rate.

AN HON. MEMBER: On the present system?

Mr. SAMUEL: That is a matter which must be dealt with when the subject comes on for discussion.

Mr. FARNELL: Are not the surveys only trial surveys?

Mr. SAMUEL: They are trial surveys, I believe.

Mr. FARNELL: Then the surveys are not completed?

Mr. SAMUEL: I do not suppose there are sectional surveys.

Mr. FARNELL: Then the Engineer cannot tell the cost.

Mr. SAMUEL: The hon. member will have to fight that out with the engineer himself. The Hon. Minister for Works informs me that the sections are so far taken that the engineer is able to make an estimate of the cost.

Mr. FARNELL: Then the Minister for Works has exceeded the authority of the House, which only authorized a trial survey.

Mr. SAMUEL: I am afraid that is a question which we cannot deal with just now. There is one account—the Loans account—which I submitted last October, and which it is necessary I should submit again. I will not however weary hon. members by reading it, but will lay it on the table. If time permits I will submit a proposition during the present session for establishing Post-office Savings Banks in this Colony. If in the course of my speech I have omitted to refer to any particular matter upon which information is required, I shall be glad to furnish it. I feel assured that the proposition I am about to make will be dealt with by hon. members regardless of any party considerations. The motion I now move is that the sum of £1,530 be voted out of the Consolidated Revenue Fund to meet the supply granted to Her Majesty. It is however, my intention subsequently to move the following resolutions:—"1. That the postage rate of one penny payable on every newspaper posted within, or transmitted through the post within the colony, shall not be demanded or be payable on or after the first day of April, one thousand eight hundred and seventy. 2. That, instead of the *ad valorem* duty now levied under the Additional Customs Duties Act of 1865, there shall be charged, from the first day of October to the thirty-first day of December, one thousand eight hundred and seventy, both days inclusive, on the importation of all goods not liable to duty by any existing law, a duty of two pounds and ten shillings for every one hundred pounds of the value thereof,—the articles excepted under the above-cited Act being admitted free of duty; and that on and after the last-mentioned date the said duty shall cease and determine."

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE SAUL SAMUEL, made 20th October, 1870.

[*From the Sydney Morning Herald of 21st October, 1870.*]

LEGISLATIVE ASSEMBLY.

Thursday, 20 October, 1870.

FINANCIAL STATEMENT.

Mr. LACKEY: I feel that some apology, or at least some explanation, is due to the House for the delay which has occurred in submitting to the Committee the Financial Statement. It was my earnest desire to have made it at an earlier period, but a variety of circumstances have combined to prevent this desire being carried into effect; not the least was the wish to make the Statement as complete as possible, by allowing the last quarter to end, so as to enable me more correctly to estimate the revenue of the present year, in order that I might lay the accounts before the House and the country in a more satisfactory form and with greater accuracy. Even now, although some impatience has naturally been evinced to know the financial position of the country, the time that has elapsed since the meeting of Parliament has not been unusually long for the Budget to be submitted. Sir, the annual exposition of the financial state of the country is at all times the cause of much interest to the House and to the community at large, and of deep anxiety to the Minister charged with the preparation of that exposition. That interest on the one hand, and certainly the anxiety on the other, have not been lessened by the recent discussions which have taken place, both in this House and the other Chamber, on our financial position. I feel that I have a task before me of more than ordinary difficulty, and I must ask the kind forbearance and consideration of the Committee whilst I endeavour to perform it to the best of my ability. With this indulgence I trust I shall succeed in making such a statement as will at least be clear and intelligible. I will not detain honorable members with any further remarks, but will at once proceed to deal with the accounts which I have had prepared in a form similar to those submitted to the House during last Session. These are four in number—1868 and previous years, 1869, 1870, and the account of estimated revenue and expenditure for the year 1871. 1868 and previous years' account: The first account therefore to which I would invite the attention of the Committee is that for 1868 and previous years, marked No. 1. This account is simply a continuation to 30th September last, of the one submitted last Session. The deficiency was then estimated to be £110,743 14s. 1d., but by lapse of time it is ascertained that some of the appropriations then retained for expenditure are no longer required. The estimated deficiency now shown is therefore only £86,190 1s. 5d., a sum considerably less than first estimated by me. The practice of retaining appropriations of Parliament for several years after the one for which they were voted, has, ever since the introduction of Responsible Government, and even before then, been attended with great inconvenience. It is in a great measure owing to this practice that so much uncertainty has always existed as to the exact state

of the Revenue Accounts. Whilst there is a balance of appropriations outstanding it is almost impossible for the Finance Minister to come down and state the actual balance to the debit or credit of each account. He is compelled to estimate the balances, and I regret to state that these estimates have often differed from the actual balances. Until the plan adopted in England of charging the expenditure of the year against the revenue of the year is in force here, differences in these balances from time to time will be unavoidable. On the Audit Act coming into operation this uncertainty will, however, be greatly diminished; for, under its provisions, all appropriations not expended by 31st March of the year following that for which they were obtained, must be written off, unless where votes are in course of expenditure under contracts, or where contracts have actually been entered into before that date. To a certain extent, therefore, the balances will still continue liable to variation, but it is anticipated that these variations will be trifling compared to what they are now found to be under the present system. If honorable members will look at this account (No. 1) they will perceive that the deficiency of £86,190 1s. 5d., now stated, cannot possibly vary more than by £19,572 19s. 9d., the amount of appropriations retained for issue. The deficit may be less, but it cannot possibly be more. These appropriations, particulars of which are given in the statement attached, marked A, are all, I am assured, required for expenditure. It was my desire to have closed this account entirely, by writing off everything that was outstanding at the present time; but on inquiry I find that if this course were adopted it would necessitate the taking of new votes for services already provided for,—a proceeding which could be productive of no benefit to the revenue, as it would simply be relieving the year 1868 at the expense of the year 1870 or 1871. Turning now to No. 2 account, that is the one for 1869, honorable members will find that I have charged to that year the estimated deficiency at the end of 1868. I will go through this account in detail, in order to show wherein it differs from the one given with Ways and Means of February last. 1. On the debit side I bring forward from 1868 and previous years' account, as already stated, an estimated deficiency of £86,190 1s. 5d., in place of £110,743 14s. 1d.,—that is, a reduced charge of £24,553 12s. 8d. 2. Instead of £106,085 8s. 6d., amount of Supplementary Estimate of last Session, I charge only £94,029 17s. 4d., that being the actual amount voted by the Committee of Supply. There is therefore a reduction here of £12,055 11s. 2d. 3. On the other hand, however, we have additional charges to the amount of £15,165 1s. 6d.; which is composed of £8,830 15s. 3d. for an Additional Supplementary Estimate, £3,034 6s. 3d. further Special Appropriations, and £3,300 for a portion of the short-dated debentures issued under the Acts 29 Vic., Nos. 4 and 5, which were not exchanged by the holders for those afterwards issued. These additional charges, deducted from the amount of the two reductions just mentioned, will leave, when one or two trifling variations are taken into account, a net reduction of £21,444 on this year's account. It will be observed that there is no increase on the credit side of the account. The amount formerly taken credit for as estimated savings was £100,000. As the present year has yet two or three months to run, I have thought it advisable not to increase that estimate, although I may state that I believe it will ultimately be found to be considerably in excess of that sum. The net reduction of £21,444 in the charges against this year brings down the estimated deficiency at the end of 1869 from £152,530 8s. 11d. previously stated, to £131,086 8s. 11d. now shown, which is the amount I carry forward as a charge upon the present year. Before, however, passing on to this year's account, I wish to point out to the Committee that, whilst the revenue of 1869 was £2,196,970 4s. 10d., the estimated ordinary expenditure was only £2,138,566 12s. 4d., showing thereby a surplus of revenue over expenditure of £58,403 12s. 6d. This it will be recollected was the first year of our administration. It will thus be seen that had it not been for the deficiency at the end of 1868, which had accrued before I took office, and the £103,300 part of the deficiency loan of 1864, there would have been a surplus at the end of 1869. I must now ask honor-

able members to turn to the 1870 account. Starting with the deficit brought from 1869, I will now proceed to deal with this account, and show the Committee in what respect it varies from the one I submitted last Session for the same year. In the first place we had to come down last Session with additional Estimates for £26,248 11s. 9d. after I had made my Financial Statement, which, after taking into account a few reductions made in the Estimates-in-Chief in passing through Committee, increased the charge for general services from £1,481,161 to £1,503,493 12s. 11d., making an actual increase of £22,332 12s. 11d. on the Estimate as first submitted. In the second place I have now to add a Supplementary Estimate for this year amounting to £60,785 13s. 3d., which although larger than I expected, will, I am sure, be admitted as moderate, when compared with previous Supplementary Estimates. I will take an opportunity, before I close my remarks on this account, to refer to some of the principal items in that Estimate, to show how these charges have arisen. From these two increases (the Supplementary Estimates and the Additional Estimates of last session) in the estimated expenditure, amounting together to £83,118 6s. 2d., we have to deduct the difference between the deficit of 1869 formerly charged, and that now brought forward, viz., £21,444; this will give a net increase of £61,674 6s. 2d. on the debit side. If honorable members will turn with me to the credit side, I will explain the changes which have there been made. In my Ways and Means of February last I had estimated the revenue at £2,282,796; now I estimate it at £2,178,936, showing a falling off of £103,860. We have, however, to deduct from the present actual and estimated revenue, £30,000 received this year from the Government of Victoria on account of the year 1869, and £6,872 13s. 6d., amount of advances refunded, which in an account of this nature cannot be taken in as revenue. These two sums, amounting to £36,872 13s. 6d., deducted, leave a sum of £2,142,063 6s. 6d. to be credited as the net revenue of this year—a sum less by £140,732 13s. 6d. than taken credit for in my last statement. I will presently explain how the falling off arises; but, to preserve the sequence of my remarks it will be necessary that I should go through the account first. This arrangement will also, I believe, be more convenient for the Committee. I am anxious—indeed more than anxious—to make clear these accounts to the Committee and the country. The second amount which I have taken credit for is £110,360 12s. 5d., being the estimate for appropriations for general services not likely to be required. Had I taken the average of the actual savings for the past three or four years, the amount would have been considerably larger, probably £150,000, but I have preferred to follow the usual course, and leave a wide margin for any future contingency. The result is an estimated deficiency of £210,686 16s. 2d. as against the previous estimated deficiency of £118,640 8s. 11d. I will endeavour to show in a more concise form how this result arises.

		£	s.	d.
Take the estimated deficit formerly submitted		118,640	8	11
To which add—				
Increased appropriations of last session after the Financial statement was made ...		22,332	12	11
Present Supplementary Estimate...		60,785	13	3
Decrease in revenue as already stated		140,732	13	6
Making in all a sum of		£342,491	8	7
From this however we have to deduct the reduction in the deficiency brought forward from 1869 ...	21,444 0 0			
And the estimated savings on the appropriations for 1870	110,360 12 5			
together amounting to ...		131,804	12	5
leaving a deficiency, as now estimated, of		£210,686	16	2

Although this is a result I did not anticipate at the beginning of the year, still it is one that from subsequent events I was not altogether unprepared for. When honorable members recollect the heavy rains with which the Colony has been visited, and the disastrous consequences of the floods which followed they can hardly be surprised to find that this year's revenue has not turned out better.

Indeed, I am agreeably surprised to find that we are not in a worse position—for, after all, the deficit is only £10,686 16s. 2d. —because the Committee will remember that I distinctly stated last Session that it was impossible to pay off the 1869 and 1870 instalments of the deficiency loans out of current revenue. It was to provide for the payment of these instalments that I brought forward the Deficiency Loans Funding Bill,—a measure which I again intend to submit, although perhaps in a different form. Whilst there is this small estimated deficiency of £10,000 at the end of the year, a deficiency which will ultimately I believe prove a surplus, it must be borne in mind that it has been occasioned by paying off the deficit of 1868 and previous years; or better to explain this, the revenue for the past and present years will have exceeded the expenditure by £78,803 5s. 3d., thus,—

The actual revenue of 1869 was	£2,196,970	4	10
The expenditure of 1869 was	2,138,566	12	4
Showing an excess of revenue over expenditure for that year of	£58,403	12	6
In the year 1870 (the present year), if my estimate for the last quarter is realized, the net revenue will be ...	£2,142,063	6	6
The expenditure, as estimated	2,121,663	13	9
Leaving an excess of revenue over expenditure of	£20,399	12	9

Now, sir, I think, this is a result, if I may judge from the tone of the debates during the past and present Sessions, which few could have expected. Although I do not include the deficiency loans outstanding, I claim for the present Government credit for having kept the ordinary expenditure within the ordinary income during the last two years. When honorable members recollect the dreadful prophecies of evil; and that both in this House and the other Chamber we have been told that there would be a deficiency of a million at the end of this year; and that I had been compelled to borrow from the Loans' Fund an amount variously estimated from the small sum of a quarter of a million to the large sum of a million,—and considering all the difficulties with which I have had to contend during the past two years, I think we have reason to feel gratified, and to claim some credit for having kept the ordinary expenditure of the country within the ordinary income; and that instead of increasing the deficit which existed when I took office, we have succeeded in reducing it by the large sum of £78,803 5s. 3d. When I state that the revenue has not come up to the estimate submitted by me in February last, by £103,860, I should point out in what direction this falling off has occurred. It will be remembered that at the time I made the original estimate, we proposed to abolish the *ad valorem* duties and newspaper charge, by which we expected to lose £50,000. On the other hand, had we succeeded in getting the Stamp Act amended, there would have been an increase of revenue from that source, of £45,000, leaving a difference of £5,000 only. The statement, which I will now read to the Committee, will show wherein my estimate has failed to be realized in other directions. On the 17th of February I estimated that the receipts from Customs would be £804,200; my present estimate is £862,365, showing an increase of £58,165. I estimated the duty on refined sugar and molasses at £19,000; my present estimate is £19,833, showing an increase of £833. I estimated that the duty on spirits distilled in the colony would be £20,000; the present estimate is £12,914, a decrease of £7,086. I estimated that the gold revenue would be £25,000; the present estimate is £19,839, a decrease of £5,161. I estimated the Mint receipts at £18,000; the present estimate is £11,142, showing a decrease of £6,858. I estimated the land revenue at £621,950; I am sorry to say that it will be only £526,802, being a decrease on my former estimate of £95,148. I estimated the assessment on sheep under the Scab Acts and the fees on the inspection of sheep and cattle at £6,525; the present estimate is £8,589, showing an increase of £2,064. I estimated the postage receipts at £74,500; the present estimate is £81,406, showing an increase of £6,906. I estimated the receipts from money orders' commission at £2,800; my present estimate is £2,892, showing an increase of £92. I estimated that the fees under the Registration of Brands Act

would be £500; my present estimate is £568, showing an increase of £68. I estimated the receipts from licenses at £80,675; the present estimate is £77,657, showing a decrease of £3,018. I estimated that the fees of office would amount to £30,346; the present estimate is £25,531, showing a decrease of £4,815. I estimated that the fines and forfeitures would be £7,275; the present estimate is £6,490, showing a decrease of £785. I estimated the amount that would be received from rents, exclusive of land, £27,275; the present estimate is £26,607, showing a decrease of £668. Stamps, which I estimated at £110,000, I now estimate at £65,437, showing a decrease of £44,563. Railway receipts I estimated at £320,000; the present estimate is £315,240, showing a decrease of £4,760. Electric telegraph receipts I estimated at £35,000; the present estimate is £31,079, showing a decrease of £3,921. Pilotage rates, harbour dues, and fees, I estimated at £18,000; the present estimate is £17,740, showing a decrease of £260. Tonnage dues I estimated at £8,350; the present estimate is £7,253, showing a decrease of £1,097. Interest on city debentures I estimated at £10,000; the present estimate is the same. I estimated miscellaneous receipts at £43,400; the present estimate is 49,552, showing an increase of £6,152. The total amount of receipts, I estimated in February, would be £2,282,796; my present estimate is £2,178,936. There is an increase of £74,280, against a decrease of £178,140. Deducting the increase £74,280 from the increase of £178,140, it shows a decrease on the present estimate of £103,860. If to this decrease we add the amount received this year from Victoria on account of Murray River Custom's Account, 1869, viz., £30,000, and the £6,872 13s. 6d. for advances refunded, together amounting to £36,872 13s. 6d., we arrive at the difference already mentioned, namely £140,732 13s. 6d., between the amount credited to 1870 last Session, and that now credited. It will be observed that I have allowed for a considerable falling off in the land revenue, as compared with previous estimates. I confess that I have been somewhat disappointed in not receiving a larger amount from the conditional purchasers of land, as I believed the facility afforded them of paying up by instalments would have induced many to have reduced their balances, with a view to secure their freeholds. In a great measure, doubtless, the season has been the cause of their holding back, but speeches in this House have also had their effect, and led to an expectation not only of a reduction in the price of land, but of a remission of balances due by this class of purchasers. In order that I might satisfy myself on this point, I caused a circular telegram to be sent to the different Land Agents throughout the colony, to the following effect:—

"REFERRING to additional Regulations under the Land Act, published in Gazette of 21st September, 1869, and to instructions relating thereto, please state whether the conditional purchasers are generally acquainted with the fact that they can pay their balances by instalments, and inform me why, in your opinion, greater advantage has not been taken of the facilities for payment."

I will read to the House extracts from some of the replies which I have obtained:—

Inverell:

Most of the conditional purchasers believe, and many of them have told me, that either the 75 per cent. balance will be shortly wiped off by an Act of the Legislature, or some other sweeping reduction.

Tamworth.

The reasons why greater advantage has not been taken of the facilities of payment are: some are not in a position to pay, while amongst others there is a belief that there is to be a great change in the Land Laws, and that the price will be reduced. This unsettles them, and they hold on and continue to pay interest in the hope they may not be called upon to pay the balance of the purchase money. The uncertainty about the Land laws has an injurious effect.

Burrowa.

Greater advantage has not been taken of the facilities for payment, on account of the general belief amongst conditional purchasers that eventually the balance will not be demanded.

Eden.

The little advantage taken of them in this district has arisen—first, on account of losses sustained by the late floods; and secondly, from an opinion which appears to prevail that some alteration may possibly take place in the price of land.

Armidale.

I am of opinion that their not having taken greater advantage of this boon, is owing to a very general impression on their part that the price of land will be reduced, and that some concession will be made to them with regard to the amount of balance they will be required to pay.

Murrurundi.

The reason why advantage has not been taken of the facilities for payment, in my opinion, partly arises from a general belief on the part of the conditional purchasers that the price of land will be lowered, and that they will not be called upon to pay the full amount of their balances; and partly from the fact that many of them are unable to pay anything beyond their yearly interest.

Bathurst.

I think inability to pay may be the chief reason they do not avail themselves of the arrangements.

Grenfell.

I am clearly of opinion that the late severe winter has prevented numbers paying their balances, and that the present year is no guide as to the future.

Tumut.

A very general impression also prevails that a time will come when more favourable terms of payment will be offered by the Government.

Orange.

They do not avail themselves of the privilege, mainly from want of money; also because many are under the impression that a reduction in price will be made.

Braidwood.

I am of opinion that they believe the Government will in a short time amend the Land Act, so as to give the land to them at 5s. per acre, being amount of deposit.

Albury.

Believe primary cause why greater advantage has not been taken of facility for payment is on account of popular belief existing that on a future day land laws will be so amended that either the balances will not be required to be paid in full, or that interest paid will be credited as an instalment in payment of balances.

Kiama.

It is anticipated by many persons that the Legislature will at some future time forego the balance, or a portion of it.

Glen Innes.

Conditional purchasers have generally informed me, when paying interest, that they prefer doing so, instead of paying balances, or portions thereof, awaiting amendment of the Act in their particular case.

Bega.

Do not seem inclined to pay their balances by instalments, in my opinion, because they think there will be a reduction in the price of land.

Cooma.

Conditional purchasers have an idea that ultimately some of the balance may be remitted.

Bombala.

First, a great scarcity of money; and second, an impression, on the part of free selectors, that eventually their balances will be remitted.

Berrima.

I have no hesitation in offering it as my opinion that the conditional purchasers, as a body, expect that an entire abatement of their balances will some day be made.

Wagga Wagga.

Others affirmed that before twelve months had passed there would be a new land measure, that land would be down to ten shillings an acre, and that then they would be called upon to pay five shillings more, and get their deeds. This idea is a very general one amongst all classes here; and, as the penalty to the conditional purchaser of maintaining that view does not exceed 5 per cent., he is not jeopardized in any way, while it is convenient to use this argument as a reason for paying no more than just what the law requires or compels.

Singleton.

And it appears to me, if I am allowed to state my opinion, that they are under an impression that new Regulations will be in force.

Dungog.

Some are impressed with the belief that sooner or later an amendment of the Land Law must take place, when they have no doubt that their positions will be greatly improved, and probably still greater facilities be given for acquiring their grants.

Muswellbrook.

The agitation which took place at the last General Election with reference to the desirability of making a reduction in the price of land is, in my opinion, the principal reason why greater advantage has not been taken of the facilities afforded by the Regulation.

Goulburn.

The long continuance of wet weather rendering the settlers unable to get to market with their produce to obtain cash, and a latent hope (expressed to me by several) that the Government will forego a portion of the balance of the purchase money remaining due, are the chief reasons why a greater number have not hitherto paid instalments of balance due.

Wollongong.

There appears to be an impression amongst some of them, no doubt induced by their wishes that in the event of any alteration in the Land Law, the payment of their balances might be reduced to some extent.

Camden.

I may add that there is an impression that the upset price will be eventually reduced, and, that those who pay up in full, or largely, will in such event be at a disadvantage.

Raymond Terrace.

There is a very general impression that some alteration will shortly be made in the price of land, and that they, as well as future conditional purchasers, will become proprietors at a lower price than £1 per acre.

Cassilis.

I have also been told, when explaining the advantage of paying instalments, that the Government will some time or other give up the interest altogether, "as they have done with the quit rents."

Molong.

Several selectors have told me that they intended to pay their balances, but would wait till the end of the year, to see if any alterations would be made in the Crown Lands Act.

From these it will be seen that both the reasons I have stated have operated against a larger revenue from this source. There is certainly no warrant for the conclusion that Parliament will assent to any remission of the balances. Then again, the late appraisements of the rents of the Pastoral Runs have been considerably less than the former rents; and not only is there a falling off in these rents, but I am afraid a still further reduction may be anticipated. This may be a convenient time for me to inform the Committee of the state of the Treasury balances on the 30th September last, and the distribution of such balances on that date. I know the honorable member opposite (Mr. Piddington) is particularly anxious on this point, because he has asked me several questions with regard to it. I did not reply to these questions because I felt that it would be premature to do so, as, without other information, my replies might have been misunderstood, and might thereby have led to statements calculated to mislead. The statement which I have had prepared, and which I will now read to the Committee, will show exactly what these balances were:—

	£	s.	d.
Credit balances—			
Loans Account	18,517	8	9
Lodgment Account	123,421	5	10
Special Accounts—			
Church and School Estates Fund	37,553	14	4
Superannuation Fund ...	694	19	5
	180,187	8	4
Debit balance—			
Consolidated Revenue Fund	166,881	1	6
Net aggregate credit balance	13,306	6	10

DISTRIBUTION OF BALANCES.

Bank of New South Wales—						
Local Account—Balance ...	£46,340	3	5			
Newcastle branch—Balance... ...	9,738	2	1			
	56,078	5	6			
Cash in the Treasury ...	8,173	13	7			
	64,251	19	1			
Debentures and other securities in the Treasury chest	63,000	0	0			
				127,251	19	1
Deduct overdraft on the account with the Bank of New South Wales, London				113,945	12	3
Net aggregate credit balance				£13,306	6	10

From this statement it will be seen that the credit balance, as shown by the books of the Treasury, on the Loans' Account was £18,517 8s. 9d., which amount was more than represented by the balance in the local bank at that date, and that there was an overdraft on the Consolidated Revenue account of £166,881 1s. 6d., which was represented partly by the use of trust funds, and partly by an overdraft on the London account. It includes, however, the payment of the £100,000 of the Deficiency Loans Debentures due at the end of 1869, which I hope the House will again authorize me to raise by loan. Now it will be clear, I trust, that as the whole debit balance on the Consolidated Revenue account was only £166,000, it could not possibly be indebted beyond this sum to any other fund. The actual cash balance to the credit of the Loans' fund on the

30th September last was £18,517 8s. 9d., being the only amount available at that period for the purpose of carrying out the public works of the colony, except £128,000 of debentures then in England, and the last two issues, £450,000 (of which only £322,000 were to be sold) and the £407,100, authorized during the present session. I hope, therefore, I have made it clear that some honorable members have fallen into a mistake in supposing that the Consolidated Revenue fund was largely indebted to the Loan Fund, and that when every engagement has been met during the present year the total deficiency will be £210,686 16s. 2d., of which £200,000 is part of the deficiency loan which I sought power to borrow, and which power was granted to me by this House, during the past session. As it did not become law, however, in consequence of its rejection by the Council, I shall again have to request authority to borrow the amount in a manner to which I shall hereafter refer, and which, I trust, will meet with the approval of both branches of the Legislature. It may be asked by those who are not thoroughly acquainted with these accounts how it can be possible, with an overdraft of £166,000 on the 30th September last, that I estimate a deficit of only £10,000 at the end of this year? My reply is, that if you refer to the statement of Ways and Means, you will there see that I estimate the revenue for the present quarter at £747,444. Out of this sum the deficit of £166,881 1s. 6d. has to be paid, leaving for expenditure during the remainder of the year a sum of £580,562 18s. 6d., which has to be supplemented by the £200,000 yet to be raised by loan. But whether the House permit me or not to raise that amount, it will remember, I trust, that it is not a new deficiency. Of course, it is open to question whether my estimate of revenue is correct or not. I may possibly be disappointed to some small extent, but the actual revenue for the corresponding quarter of last year was £743,000, being only £4,000 less than I now estimate it; so that I do not think I can be charged with endeavouring to make things look better than there is reasonable expectation that they will be. The increase in railway traffic alone ought to give the difference. On this very day last year I submitted to the Committee an estimate of the actual and estimated revenue for 1869, amounting to £2,207,816. The actual receipts turned out to be £2,202,970, or within £5,000 of my estimate. I think I am justified, therefore, in asking the Committee to consider that, so far as it is possible for an estimate to be relied upon, mine is likely to be realized. Before leaving the account for the year 1870, I wish to refer to some of the items in the Supplementary Estimates. The largest of these is one for £20,000, for Murray River Customs, which, although it appears on the Estimates, is simply a refund to the Victorian Government of the various amounts received, and estimated yet to be received, on their account, from the Government of South Australia, and from duties collected on the Border, under the conditions of the Border Customs Agreement. There is another large item of £7,500 for Steam Postal Communication *viâ* San Francisco. This is not a convenient time perhaps to discuss the merits of this question, but I feel assured that Parliament will approve of the course adopted by this Government, in joining with the Government of New Zealand in the establishment of a postal route which I believe cannot fail to prove of immense advantage to this colony, and I think that the originators of the undertaking are entitled to credit and encouragement for their great enterprise. When we recollect the interest with which the last European news was received by that line, all will admit that it is calculated, when the plan is fully developed and the arrangements are completed, to prove beneficial both as a postal and passenger route. While the cost of the service *viâ* Panama was £55,000 a year to the colony, we will get by this, a better service, performed for less than one-fifth the amount. The next item I refer to is a sum of £6,000, on account of the Superannuation Fund. I may as well here state what the Government intend to propose with reference to that fund. This sum is placed on the Estimates to assist in meeting the claims for the present year, as it is the intention of the Government to ask Parliament, in a Bill which they will shortly introduce, for authority to return

to all officers in the Public Service the amounts deducted from their salaries on account of the Fund, and to charge upon the Consolidated Revenue Fund in future the existing pensions, less a deduction in consideration of the guarantee for the payment of their pensions from that Fund. I will not at present go into further explanation, as I shall have again to refer to the subject when dealing with next year's accounts. There are no other items demanding special comment, as the purposes for which they are required will be found set forth in the Estimates themselves. Having dealt with the year 1870, I must now pass on to 1871, the year with which we really have to deal, and one possessing perhaps more interest for us than those we have just passed over. Honorable members have already had before them the Estimates of Expenditure for this year, and no doubt some disappointment will be felt that the amount is so large. I should indeed have been glad if it had been possible to reduce them; but although we made many attempts, I regret to say we failed in bringing them below the present estimated amount. I was last night reminded by the honorable member for the Hawkesbury of a statement I made on one occasion, that the expenses of the country should be kept within two millions, and that that sum ought to be adequate for the Governmont of half a million of people. I have not altered my opinion. Nevertheless, looking at the fact that the people of this country are not inclined to stand still, but are anxious rather to incur a large expense for the extension of railways, and the prosecution of other public works essential to the progress of the colony, it is impossible for the Ministers to reduce the expenditure to any appreciable extent. The only way in which retrenchment could be effected would be by the reduction of salaries of Public Officers to the amount of £30,000 or £40,000; but although there are a few honorable members who hold the view that this reduction should be made, I believe that a majority of the House are not of that opinion. I will now refer to the Estimates of Expenditure for the year 1871, which amount to £2,243,138 6s. 8d. Now although these shew an increase of £71,000, it must be borne in mind that there is a large amount required for increases which are inevitable. I will read to the Committee some of these increases:—Volunteers, £3,345—considering the removal of the military, and the recent news from Europe, I suppose no one will deny that it is necessary to do something for our defence; Police, £10,259; Police Guard—necessary on account of the removal of the military—£6,336; Gaols, £3,272; Lunatic Asylums, £992; Registrar General, £525; Reformatory for Boys, Newcastle, £800; Asylums for the Infirm and Destitute, £1,925; Charitable Allowances, £1,884; Treasury, £550; Customs, £720; Gold and Escort, £550; Printing, Bookbinding, and Postage Stamps, £907; Gold Fields, £1,601; Railways (consequent on extensions and increased working expenses), £21,400; Harbours and River Navigation—establishments, £1,714; Public Works and Buildings, £6,878; Miscellaneous Services, £1,496; Steam Postal Communication with great Britain *viâ* San Francisco, £10,000; Electric Telegraphs, £3,397; Interest on Debentures, £50,473. Total, £129,024. The interest on the debt, and the working expenses of our railways alone, more than cover the increase on the Estimates. Although the Police estimate for last year was taken at a reduced sum by my honorable colleague, the Minister for Lands, then Colonial Secretary, in consequence of a re-arrangement of the Force, which the House disapproved, yet it will be seen there is an increase of £10,000 only on this year's Estimate as compared with that of 1870, and the Force is now in a state as efficient as formerly. Most of these increases are not likely to be disputed, and will be admitted as absolutely necessary. This being so, it will be seen that after taking into account these inevitable increases, there is really a decrease on the whole, as compared with 1870. Last year also showed a decrease as compared with the previous year, so that we really are not increasing the ordinary expenditure of the Government. If it were merely a question of the ordinary expense of the Government of the country, doubtless it might be kept at a low point, but so long as we go on extending our public works, and borrowing money for the purpose,

there must be an increase in the charge for interest, and there must also be a corresponding increase in the working expenses of our railways as they extend. Of course there is the increase of revenue on the other side, which however does not appear in juxtaposition with the expenditure. It will be noticed that there is a reduction in the amount to be handed over to trustees for minor roads. The object the Government have in this reduction is to make it conditional, that where they give money to trustees for the repair of roads, a proportion of the expenditure should be contributed by the people residing in the district. I think it will be admitted that, until some scheme of local self-government can be adopted, this is a correct system, as the people will, in all probability, see that the money, of which they contribute a portion, is properly expended. At present the Government have no check upon this expenditure, further than that vouchers are forwarded, shewing the payment; but we have no means of telling whether the money is judiciously expended or not. It is necessary that I should allude in some way to the large amounts to be provided for by loans. There is a sum of £290,000, which is required to complete the lines to Bathurst and to Murrurundi, the last appropriation of £1,000,000 being found insufficient. There is also an amount of £1,100,000 for the further extension of the three existing lines,—the Western line to Orange, the Southern line from Goulburn to Yass, and the Northern line from Murrurundi to Tamworth; the estimate is based upon the assumption that the lines will not cost more than £7,000 per mile. The Engineer-in-Chief for railways is of opinion that with lighter earth-works the lines can be constructed at this rate. The Government having well considered whether it would be desirable to carry out a cheaper system of railways, and having availed themselves of all the information within their reach, have come to the conclusion that it is better to continue the lines to the points now proposed, in accordance with that officer's opinion. I hope the House will bear with me while I read the report of the Engineer-in-Chief on this subject. That officer, in writing to the Commissioner for Railways, on the 5th August last, says, in regard to the proposed extensions of the Southern, Western, and Northern railways:—"With reference to the proposed change of gauge for the extensions beyond Goulburn, Bathurst, and Murrurundi, I must express my decided opinion that any reduction would be attended with the most serious inconvenience and cause great loss to the revenue. It has been assumed that a very large traffic on all the lines will be derived from the carriage of live stock; and, setting aside the difficulty of changing wild cattle, wherever the difference of gauge may exist, I assert that no traffic of this description can be carried economically on a less gauge than 4 ft. 8½ in., and on a 2-ft. gauge it would be impossible to conduct such a traffic with safety. It has been asserted by the advocates of the narrow gauge (3 ft. 6 in. and 2 ft.) that a 40-lb. rail can be used on such lines, and thus a great reduction on first cost of construction can be effected. To this I say, that a rail weighing only 40 lbs. to the yard is utterly useless on any gauge where locomotives are employed. The Cawnpore and Lucknow branch railway in India was laid with rails weighing 40 lbs. to the yard, with a gauge of 5 ft. 6 in., and was worked by locomotives; and although the traffic was light, the rails failed within twelve months of the opening of the line. Many other examples could no doubt be found to show that what is termed a cheap railway is always the most costly, as the extra cost of working and maintenance is, by the advocates of this system, left entirely out of the calculation. From Mr. Higinbotham's report to the Commissioner for Railways in Victoria, on the subject of railway extension, I have taken the subjoined particulars, showing the estimated cost of the North-eastern railway of that colony, as compared with the cheapest known lines in the United Kingdom. 'I propose to to take each of these cases for the purpose of showing what each line would have cost if constructed by labour paid at Victorian rates; and, with a desire to understate rather than overstate the case that I am laying before you, I will assume that the price of labour here is one and half times higher than in England and Scotland, and only twice as high as in Ireland. I will assume also, that the weight of the rails on each line is the same as I propose for the North-eastern railway—namely 72 lbs. to

the yard—this latter assumption being the least favourable that I can make for the purpose of my argument. You will observe that I have made allowance in the following calculations for the higher price paid for land in the United Kingdom than here, and also for the parliamentary and law expenses incurred there.'

Great Northern and Western Railway of Ireland.

Cost per mile in Ireland.	£
Permanent-way materials	1,106
Ballast	629
Sleepers	462
Laying	99
Works and supervision	3,438
Land, say	650
Parliamentary and law expenses	196
	£6,580

Cost per mile in Victoria.	£
+ 25 per cent. for freight, &c.	1,382
× 2 for difference in labour	1,258
Same here	462
× 2 for difference in labour	198
× 2 for do. do.	6,876
.....	100
.....	Nil.
	£10,276

Killarney Branch Railway.

Cost per mile in Ireland.	£
Permanent-way materials	1,106
Ballast	629
Sleepers	462
Laying	99
Works and supervision	3,004
Land, say	650
Parliamentary and law expenses	50
	£6,000

Cost per mile in Victoria.	£
+ 25 per cent. for freight, &c.	1,382
× 2 for difference in labour	1,258
Same here	462
× 2 for difference in labour	198
× 2 for do. do.	6,008
.....	100
.....	Nil.
	£9,408

Great Southern and Western Railway of Ireland. Branch Line.

Cost per mile in Ireland.	£
Permanent-way materials	1,106
Ballast	629
Sleepers	462
Laying	99
Works and supervision	4,004
Land, say	650
Parliamentary and Law Expenses	50
	£7,000

Cost per mile in Victoria.	£
+ 25 per cent. for freight, &c.	1,382
× 2 for difference in labour	1,258
Same here	462
× 2 for difference in labour	198
× 2 for do. do.	8,008
.....	100
.....	Nil.
	£11,408

Malton and Thirsk Branch Railway.

Cost per mile in England.	£
Permanent-way materials	1,106
Ballast	798⅔
Sleepers	437
Laying	132
Works and supervision	1,266⅓
Parliamentary and law expenses	50
Land, say	650
	£4,440

Cost per mile in Victoria.	£
+ 25 per cent. for freight, &c.	1,382
× 1½ for difference in labour	1,198
Same here	437
× 1½ for difference in labour	198
× 1½ for do. do.	1,899½
.....	Nil.
.....	100
	£5,214½

Honeybourne to Stratford—Branch Line.

Cost per mile in England.	£
Permanent-way materials	1,106
Ballast	798⅔
Sleepers	437
Laying	132
Works and supervision	2,826⅓
Land, say	650
Parliamentary and law expenses	50
	£6,000

Cost per mile in Victoria.	£
+ 25 per cent. for freight, &c.	1,382
× 1½ for difference in labour	1,198
Same here	437
× 1½ for difference in labour	198
× 1½ for do. do.	4,239
.....	100
.....	Nil.
	£7,554

The Peebles Railway.

Cost per mile in Scotland.	£
Permanent-way materials	1,106
Ballast	798⅔
Sleepers	437
Laying	132
Works and supervision	1,821⅓
Land, say	650
Parliamentary and law expenses	50
	£5,000

Cost per mile in Victoria.	£
+ 25 per cent. for freight, &c.	1,382
× 1½ for difference in labour	1,198
Same here	437
× 1½ for difference in labour	198
× 1½ for do. do.	2,739½
.....	100
.....	Nil.
	£6,054½

It will be seen however that the rate of wages in the colonies, assumed by Mr. Higinbotham with a view of not overstating his case, is considerably less than the actual difference known to exist. But even with the rates he has taken, the railways which are proposed to be constructed in the colonies bear very favourable comparison with the cheap lines stated to have been constructed in the United Kingdom. I have no hesitation in saying that thoroughly good lines on the 4ft. 8½in. gauge, with rails 70 lbs. to the yard, can be constructed to Yass, Orange, and Tamworth, for about £7,000 per mile. Since preparing my last estimate, which amounted to £8,000 a mile, I have had additional trial sections taken, and I find that the earthworks shown on the original section can be considerably reduced by alterations in the direction of the lines. As these revised trial surveys are still in progress, I am not yet able to forward a detailed estimate of the cost of these extensions." Mr. Whitton is then asked by the Public Works Department,—"Has the Engineer-in-Chief for Railways obtained sufficient information as to the extension of the lines from Goulburn to Yass, from Bathurst to Orange, and from Murrurundi to Tamworth, to enable him to state at what rate per mile these extensions can be constructed if they are to be worked by locomotive engines?" His reply is—"The revised trial sections are not yet completed, but from the reports of the different surveyors I anticipate that the earthwork will be reduced nearly one-half; other works, tunnels, and bridges, will also be modified, and a saving be made in their construction. I consider that a good permanent-way is absolutely essential for the public safety, and I therefore propose to use a steel rail, 70 lbs. to the yard (single-headed); sapling sleepers to reduce first cost, might be used, also a smaller quantity of ballast than that laid on the existing lines. The fencing might be erected with any description of timber the district would afford, and wooden station buildings, platforms, &c., be erected in the first instance. If these suggestions be adopted, and all the bridges and culverts be constructed in the most economical manner with the timber in the district through which the lines pass, I believe a good railway for locomotive purposes may be made for £7,000 per mile." The Government are however desirous of trying the experiment whether tramways for horse traction can be advantageously introduced into the country, as feeders for our main trunk lines. They therefore propose to ask authority to borrow £90,000 for the construction of a tramway from Goulburn to Braidwood; this line, it is believed, is one of the best adapted for testing the practibility of this description of railway, which will, at the same time, should it prove successful, act as a feeder to the Goulburn line from a most important and populous district. There is also a further amount of £50,000 for the erection of a Lunatic Asylum, but I must leave my honorable colleague, the Colonial Secretary, to explain the views of the Government with regard to this item. I will now draw attention to the account current, which I lay upon the table, for the year 1871, marked No. 4. Assuming that the House will sanction the borrowing of the £200,000, I have brought forward to the debit of that account the estimated deficiency on 31st December, 1870, of £10,686 16s. 2d. There is also on the debit side of the account the estimated charges on the Consolidated Revenue Fund for the year 1871, and there is the fifth instalment of short-dated debentures, on account of the deficiency loans, amounting to £100,000. It will also be perceived that there is a charge on this side of the account of £25,000, to provide for the payment of existing pensions, and others that will fall in, under the Bill which I propose to introduce. It is the intention of the Government, as already stated, to propose to the House to refund to the several Public Officers from whom deductions have been made on account of the Superannuation Fund, the whole of the amounts received from them, together with interest at the

rate of 5 per cent. per annum, and to make the existing pensions a charge upon the Consolidated Revenue, subject to a deduction, in consideration of their pensions being guaranteed to them. Having given this matter our serious consideration, we felt that it was almost impossible to propose any scheme to Parliament which was likely to satisfy Public Officers on the one hand, and secure the approval of Parliament on the other, and at the same time calculated to meet the difficulties of the case. We have therefore thought it better to endeavour to restore matters, as far as it is in our power to do so, to nearly the same position as they were in before the passing of the present Act. It would be inconvenient at this time to discuss this question at greater length; we can better deal with it when the Bill itself, which will shortly be introduced, is under consideration. It will require, in addition to this annual charge of £25,000, a gross sum of about £60,000 for refunding the deductions referred to, which sum it is, at present, proposed to raise by loan. There is also, it will be observed, a charge of £100,000, to be annually set aside and handed over to Commissioners, towards the extinction of the Public Debt. I will, if permitted, submit a scheme for its consolidation. This debt, with the additional amount proposed to be borrowed, is now £12,249,530, as will be seen by a statement I shall lay on the table. This includes the deficiency loans. One million of the debt has been issued, redeemable by annual drawings of £20,000. This arragement cannot be interfered with. Of the remaining £11,249,530, I would retain one million as a debt to be confined to the colony; the balance, £10,249,530, I would send home to be exchanged, so far as it can possibly be done, for the debentures now outstanding. The remainder to be put on the market, for the proposed new works. It may be asked by honorable members what inducement can be held out to present holders of debentures to exchange. No doubt some advantage will have to be offered, in the shape of a small discount. This is a matter, however, that must, to a certain extent, be left to our financial agents, and will, in a great measure, depend upon the state of the money market at the time the transaction takes place. It has been suggested to me that the payment of the interest quarterly, and the making of our debentures transferable by indorsement and registration, will induce many to prefer them. I hope the establishment of a Sinking Fund will, if carried, present an additional inducement. I also propose to make these debentures terminable in forty years, so that £100,000 set aside yearly will about extinguish the principal in that time, if it can be invested at compound interest at the rate of 5 per cent. per annum. This £100,000 a year will be handed over to commissioners, to be invested in the purchase of our own debentures as opportunities occur. The interest will of course be regularly drawn and reinvested. This plan, I believe, is preferable to annual drawings, which subject the holder, who desires a permanent investment, and who has purchased with that view, to serious inconvenience, by suddenly being informed that the security which he holds is payable, and that if he does not take payment, interest ceases. I have met with cases where persons who have been absent, and have not demanded their interest until their return, found to their great disappointment that they had been losers, by the debentures having meantime become payable. At this moment we have £800 of debentures outstanding since 1867, which have been drawn, but neither the money nor interest has been claimed. Debentures redeemable by annual drawings do not command such a high price as those for long terms, and this is our own case at present. The reason for this is obvious from the fact that persons who are satisfied with our securities and who want a permanent investment do not care to have it interfered with. Were it not for this, doubtless the plan of annual drawings would be a good one; but in placing securities in the market we have to consider the form most acceptable to borrowers. The necessity for the consolidation of the debt is increased by the fact that nearly £2,000,000 will fall due within the next six years; and further, it will be seen from the correspondence I have recently laid upon the table, that great inconvenience is experienced in consequence of the refusal of the committee of the Stock

Exchange to permit debentures sold in the colony, and remitted hence, to be quoted in their official list. A large amount of our debentures have been sold here, and are continually being sent backwards and forwards as remittances. The best way, no doubt, to remedy this inconvenience is, to have a separate debt for the colony, which shall not be transferable. At the present moment it is estimated that there are upwards of a million of the securities of the Government held in this country. These are the main features of the plan for the consolidation of the public debt, to be submitted in a Bill which I hope shortly to introduce. Now, having shown the House that the total estimated charges for the year 1871 amount to £2,378,825 2s. 10d., I will state to the Committee in what way I intend to provide the Ways and Means to meet that amount. I will at once commence by stating that it is my intention to propose to give up the *ad valorem* duties and the postal charge on newspapers. Now, Sir, I have been frequently accused of not having been sincere in proposing to give up these duties. I think if those honorable gentlemen who made this charge had considered the course of events during the last two years, they would have seen how utterly impossible it has been for me to deal effectually with the matter at an earlier period. I did, on a former occasion propose the abolition of these duties, believing at the time, that with an increase of the Stamp duties, and the natural increase of the revenue generally, they could have been well spared; and had it not been for the calamitous season we have had, my estimate of revenue would have been realized, and I should have accomplished all that I then proposed. However, circumstances, over which I had no control, prevented my propositions from being carried out, and I am not sorry it was so, seeing the disastrous season we have had, and the great falling off in the revenue in consequence,—an event which could not possibly be foreseen or anticipated, and which all must regret. Now, in giving up the *ad valorem* duties, it becomes necessary to propose some substitute. As we are not in a position to relinquish such a large amount of customs' revenue at the present time—indeed we shall require more revenue than even that,—I intend to submit to the Committee a proposition for a combined scheme of direct and indirect taxation, in order not only to increase the revenue but to make up for the loss of those duties. In having recourse to the Customs for revenue, I act much against my own feelings and inclination, but necessity leaves me no alternative. I have therefore to choose between the retention of *ad valorem* duties, and other duties which it is possible for us to collect through the customs, without placing unnecessary restrictions upon trade and commerce. The Government having determined to get rid of the *ad valorem* duties, and the country having also affirmed, as far as it could do so, that these duties should be repealed, we began to consider how far the revenue might be supplied by what are known as fixed or specific duties. The articles not already upon our tariff, which could bear fixed duties, are very small in number, and no large amount of additional revenue that would serve as a substitute for the *ad valorem* duties could be got from them. I therefore intend to propose a plan which seems to be the only one open to me,—that is, a measurement duty, the same as that existing in the colonies of New Zealand and Tasmania, and which, I am informed on the very best authority works successfully. Under such a plan there would not be the same temptation, nor yet the same facilities for fraud, as under that of the *ad valorem* duties, nor would the dishonest trader have the opportunity of gaining an advantage over the honest one to the same extent. No declaration of value for duties of this nature would be necessary, as a true description of the goods is all that is required, the duty being chargeable according to measurement or weight. We have at present a duty upon all imports, with a few trifling exceptions, but in the scheme now submitted I have left out many articles —some because they would give very little revenue—and others, because I believe it would be prejudicial to place a duty upon them. I have little to say in favour of this proposition more than that in favour of the *ad valorem* duties: neither of them commends itself to me as desirable, but as we must have one or other of

them; the measurement duties I believe to be the preferable. They will not have the demoralizing tendency of the present system, and the Government is likely to secure the amount of duty to which it is entitled. There are some items of the present tariff, in which it is my intention to make some slight change, so as to secure a larger amount of revenue from them. I propose asking the House to reduce the duty on opium to 10s. per lb. My reason is that we are losing the duty in consequence of the article being brought over in large quantities from Melbourne by land—the duty on opium in that colony being only 10s. per lb., whilst it is 20s. per lb. in this. For a somewhat similar reason I propose to increase the duty upon cigars, which at present is 3s. here, whilst in Victoria it is 5s. By assimilating this duty no objection will be raised by the Government of Victoria to the decrease of duty upon opium; at the same time both changes will give an increase of revenue to this colony. I also intend to ask the House to assent to an increase of duty upon draught ale from 3d. to 6d. per gallon, and on ale in bottles, from 6d. to 9d. These are the rates which prevail in all the other colonies except New Zealand, where they are 1s. and 1s. 3d. I also propose a change in the duty on gin and other spirits in case. Instead of charging by the gallon, I intend to treat every case reputed to contain four gallons, as liable to the duty on that quantity. At present a case of gin is sold as containing four gallons, although it does not contain that quantity. Formerly in Victoria a practice existed similar to that which prevails here but it was changed to that I now propose; and since then, a dozen bottles, I am informed, have been made to contain the quantity represented. I will presently read the resolutions by which the Committee will see what the articles are upon which I propose to levy duties. When I was in Melbourne recently with my honorable colleague, Mr. Cowper, we had these matters discussed fully. We learnt that Victoria would be glad to get rid of the *ad valorem* duties altogether, and that Tasmania had substituted measurement duties for them, which had been found to work without restriction to trade. We attended the Conference with the hope, although certainly not a very sanguine one, that the whole of the Australian Colonies might be induced to agree to a uniform Tariff, consisting of a small number of articles bearing fixed duties, which would have given a revenue sufficient to meet the requirements of the various Colonies. I regret that nothing resulted from that meeting. The consequence is that we are driven to impose duties upon a greater number of articles than is desirable, because we cannot put a higher rate upon any one article than that existing in Victoria, lest we might endanger loss to our trade, by giving a bonus, in the shape of high duties, to the Victorian merchants, to send their produce into this colony overland under the existing Border Agreement. The Victorian Government were pledged to what they called discriminating duties, which really meant nothing but protection. Duties which would be discriminating in Victoria would not be discriminating in New South Wales. A satisfactory arrangement having thus been rendered impracticable, we saw the impossibility of levying fixed duties to meet the requirements of this colony, without going beyond the duties existing in Victoria. If, for instance, we proposed to double the duty on tea (which we do not), the Victorian merchant would have a bounty of £28 per ton. Whilst the proposed measurement duties will add a small amount to the revenue, they will not realise much in excess of what we are at present receiving from the *ad valorem* duties. Our Customs' duties, unless we have a large accession to the population, and that speedily, are not likely to increase very much; at the present time they amount to £1 15s. a head. Before long we must lose our sugar duty if the production of that article should meet with the success that is confidently believed it will; and I have, in the Estimate for next year, had to make allowance for a falling off in such duty. I have now stated to the Committee how I propose to raise additional revenue through the Customs. Besides this, I intend again to ask the House to assent to an amendment of the Stamp Act, by which I expect to increase the revenue by the sum of £55,000. It is needless for me again to repeat that we have a law which provides

for the raising of revenue, but which, from a mere accident in its framing, is inoperative. No doubt that Act expires at the end of this year, but I feel assured the Committee will assent to its renewal, with the necessary amendments to make it effective. It is revenue which we cannot afford to spare, and I do not believe that the operation of the Stamp Act is more vexatious than that of other Acts by which taxes could be imposed; certainly the Stamp Duties are collected at a very low cost. I now come to another proposition, which is, the imposition of a tax new to this colony,—indeed, I believe, new to any of the Australian Colonies. But the time has arrived when it becomes necessary that we should attempt to make some provision for extinguishing a debt which is assuming such proportions. I have already told the Committee that I propose £100,000 shall annually be set aside for this purpose, and now it is my intention to ask the Parliament to impose a special tax for raising that amount. This special tax to be on all incomes of £200 a year and upwards. I hope, by this means, if the House assent to the proposition, to reach those gentlemen whose property we are improving and protecting, and who are spending the incomes they derive from it, out of the colony. I know great objection will be raised to this proposition, but I feel, whatever the result may be, that it is only just that those having incomes should contribute something more to the revenue of the country, than those do who are designated the working classes of the community, and who are the consumers, contributing most largely to the revenue derivable through the Customs. I do not desire, at this stage, to anticipate objections, but prefer to meet them, in my reply; of this, however, I feel assured, that whether the proposition is agreed to at present, or not, the time is not far distant when recourse must be had to direct taxation. The sum to be raised from an income tax I roughly estimate at £100,000, which is the amount I propose shall be handed over to Commissioners for the extinction of the public debt of the colony. I endeavoured, with such information as I had at command, to arrive at what might be expected from this source, but I have failed to determine the amount satisfactorily. But whatever it may be, I am certain that the proposition to raise revenue from this source is a step in the right direction; as the greater part of the debt has been incurred for works which are calculated to improve property, and as a large part of the expenditure of the country is borne for its protection, it is but right that those who are most interested should contribute in a larger proportion to the rest of the community. As property does not contribute its proper proportion to the State, and as we have already gone for revenue to that source which bears upon those who have no property, I think it is but right that we should look now to those who are deriving large incomes from that source to augment the revenue. Of course I am aware that very serious objections may be raised against a tax of this nature, but I know of no duty or tax against which equally strong objections could not be raised. For after all, every tax is really a tax on income, whether it be collected through the Custom House or in any other way. You cannot get a shilling through the Custom House that may not be considered a tax upon income. We all contribute out of our incomes, whether derived from labour or from property, I ask whether a man who works for his daily bread is in the same position as the man whose property is protected by the Government, and improved by public works? The expenses of Government are largely increased by the charges which property entails upon them; therefore a man who depends upon his labour for his bread should not be placed in the same position as the man of property. The man of property may be deriving an income from the country, while he may not be contributing one penny to the revenue. I have heard of cases of this kind; one, for instance, where a gentleman who derives an income of £10,000 a year from this country, and pays an income tax in England on that sum, but who does not contribute one penny to the revenue of the colony. I ask the House and the country whether this is an equitable system. I believe that it is not; though I admit there was a time when I did not hold these views. Holding these opinions now, I say that

we should endeavour to somewhat equalize the burdens of taxation; and, to effect this object, I propose that all incomes above £200 a year shall be subject to a tax of sixpence in the pound, which is equivalent to 2½ per cent. I am quite prepared for opposition from those who have incomes; but the people of this country, who have the Government in their hands, will, I am sure, agree with me that the time has arrived when we should not derive all our revenue from the Customs,—when we ought not to destroy the trade of this fine port—which should be the commercial emporium of the South—by restrictions upon our commerce, but when we should endeavour to get in the thin end of the wedge of direct taxation. I cannot say that the time is ripe for carrying out those principles of free trade which I desire to see, but I believe that it is not too soon to take a step in that direction; and I appeal to those honorable members who on the hustings declared that they were in favour of the abolition of the *ad valorem* duties, and in favour of direct taxation—now that the time has come—to fulfil their pledges. In what way are you to relieve the Custom House? In what way are you to relieve the burdens of the great masses of this community, unless you have recourse to direct taxation? I have thought it necessary to make this appeal, because the time has come, if we desire to adopt those principles on which the majority of the Members of this House were returned, to make up the revenue from other sources, if the abolition of the *ad valorem* duties is to be effected. You could not provide for the expenditure of the country if you did not substitute some other tax for those duties. Some years ago I heard it asserted in this House that it was not through the Custom House we ought to collect the whole of our revenue—that we should introduce local self-government. We all know, however, how difficult it is to induce the sparse population of this country to incorporate, for the purposes of self-government; and when the people do incorporate, it is found that the central Government is not relieved to any appreciable extent, because we have still to assist the various Municipalities established throughout the colony. I am therefore of opinion that the time has come when we must have recourse to direct taxation. I do not think that anything I may have said in the past should be an argument against what I now propose. I may have seen the error of my ways; and if so, I am not the first person occupying this position who has changed his opinions. Men of far greater ability have changed their opinions upon these questions, and I can never hope to attain to the position of those enlightened statesmen in the Mother Country who have changed their opinions on this very subject, which in days gone by they conceived to be injurious to the country, but which, it has been found, has made Great Britain one of the greatest commercial countries in the world. Whatever course we may be driven to take now, the day must come, if we are to attain to the greatness of a nation, when we must accept the principles of free trade. If I do not succeed in carrying this proposition I shall have the satisfaction of knowing that it is one which will ultimately be adopted by the Parliament of the country. It may be considered that by imposing a tax upon all incomes alike I am taking a course that is hardly justifiable; because it may be said that I should make a distinction between incomes that are precarious and those that are fixed and derived from property. At present I cannot make a distinction of that kind. It may be that I am wrong, but I have thought it advisable to make no distinction, but to propose a tax which shall affect all incomes alike over £200 a year, whether they be derived from trade, property, professions, or from situations under Government. I know the difficulty of dealing with this question, and it may be asked what data there are to go upon for fixing the proceeds of this tax at £100,000. I acknowledge that I have no reliable data, and that there was a time when I thought it hardly worth collecting, but I now feel satisfied that it will at all events reach that sum. I believe it is far better that a man should pay directly to the State for all the advantages that are secured to him by a Government than indirectly through the Custom House, where only a portion of the extra amount which he contributes to the price of the article goes into the revenue. It

has been stated that the machinery for the collection of revenue imposed directly in this way will involve an army of tax-gatherers. This is, I think, a mistake, as I believe that neither the machinery nor the cost would be greater than those of collecting taxes of an indirect nature. Their collection would occupy but a small portion of the year, as they would all be payable in advance, and in the first quarter. Opportunities will doubtless be afforded me of going into the details of the measure, which I do not care to do at the present time. Honorable members who have been returned to this House to advocate free trade should, I think, lend their assistance in this attempt at direct taxation, which I hope will ultimately remove existing restrictions upon the trade and commerce of the port, and which will render this colony what, I believe, it is destined to be, the commercial emporium of the South. I have explained to the Committee the plan I propose as a substitute for the *ad valorem* duties. The duties through the customs I estimate will give an increase

On ale and beer, of £10,000; cigars, £5,000; coffee, £4,000; opium, £2,000; measurement and fixed duties, £200,000—total, £221,000. This amount has, however, to be reduced by £180,000, the amount that would probably have been received from *ad valorem* duties; thus leaving a net increase from customs of £41,000; then, in addition to this I expect to receive from stamps an additional sum of £55,000; and, as already stated, I estimate a possible revenue from income tax of £100,000—these three sources of revenue will amount in all to £196,000.

This amount being carried to the credit of ways and means for the year 1871, will leave an estimated surplus of £62,924 17s. 2d., after setting aside £100,000 towards the extinction of the debt. That is, assuming that Parliament assents to my proposition, there will be this surplus of £62,924. I believe that I have not over-estimated the revenue, but if I should unintentionally have done so there is this margin to make good any such over-estimate. I trust, however, that the next year will be brighter than the present, and that the natural progress of the country will give even a larger revenue than I have estimated. Before I conclude, I should like to read one or two accounts, which I intended should have come in in another part of my speech. I desire to show the revenue of the present year as compared with the revenue of last year. I hold in my hand a comparative statement of the consolidated revenue for the three quarters ended 30th September, 1869 and 1870 respectively. The revenue for the quarter ending March 31, 1869, was £435,009 18s. 2d.; for the corresponding quarter of 1870 it was £458,104 16s. 10d., being an increase of £23,094 18s. 8d. During the second quarter of 1869 the revenue was £554,833 18s. 7d.; during the corresponding quarter in 1870 it was £515,286 16s. 1d., a decrease of £39,547 2s. 6d. During the third quarter of 1869, that was from July to September, it was £469,842 1s. 8d.; and during the corresponding quarter of 1870 it was £458,100 3s. 0d., being a decrease of £11,741 18s. 8d. The total amount of revenue received during the first three quarters of 1869 was £1,459,685 18s. 5d., and during the corresponding nine months of this year the total amount was £1,431,491 15s. 11d., showing a net decrease of £28,194 2s. 6d. There is another statement which I desire should be made known, and I will therefore read it to the House. It is a statement showing the amounts received from conditional purchasers and the balances yet due by them. In 1862 the amount of deposits received was £88,888 4s. 5d.; in 1863, £63,902 11s. 4d,; in 1864, £41,174 11s. 1d.; in 1865, £37,862 10s. 1d.; in 1866, £89,663 6s. 2d.; in 1867, £59,503 17s. 10d.; in 1868, £59,879 4s. 6d.; in 1869, £99,332 3s. 4d.; and up to the 30th September of the present year the amount of deposits received was £64,859 11s. 3d., making the total amount received since 1862, £605,066. Deduct from this amount the deposits refunded £59,384 7s. 6d., and it leaves a balance of £545,681 12s. 6d., which sum, multiplied by three for the balance due on these conditional purchases, will give £1,637,044 17s. 6d. Of course the whole of this sum is not due at present, because, as honorable members are aware, it requires three years before the principal and interest can become due. If we deduct from this sum of £1,637,044 17s. 6d. the amount of balances paid, namely, £116,644 7s. 5d., it will leave £1,520,400 10s. 1d. as the amount still due on purchases. With

the exception of a small amount, the conditional purchasers are paying up in a regular manner—in a manner that speaks volumes for the successful occupation of the land. The other day the honorable member for East Sydney asked whether the Government intended to collect the quit rents. I may now say that we do intend to collect them, as they are obligations which the holders of the land owe to the country. They may amount to £40,000 or £50,000, but we do not estimate that we shall receive more than about £25,000 next year. There is yet one other account which I ought to have submitted at an earlier period of the evening. I will, however, now submit it to the House, so that there may be no reason to suppose that the statements I have made are not placed beyond all doubt. The one which I am now about to read is an account of the receipts and expenditure for public works, and other services provided for by loans secured on the Consolidated Revenue Fund, up to 30th September, 1870. The receipts were as follows:—Amount raised by the sale of debentures as per statement certified by the Auditor General, laid before the Legislative Assembly on 18th August, 1870, less £137,300 debentures included therein, not negotiated on 31st December, 1869, £9,013,081 5s. 9d.; amount raised by the sale of debentures from 1st January to 30th September, 1870,—being a portion of the above sum of £137,300, since negotiated, £9,300; making a total of £9,022,381 5s. 9d. The expenditure was as follows:—By amount actually expended on public works and other services to 31st December, 1869, as per statement of the Auditor General, laid before the Legislative Assembly on the 18th August, 1870, £8,285,105 0s. 3d.; amount finally charged (inclusive of railway store issues) to appropriations of Parliament, from 1st January to 30th September, 1870, £421,650 19s. 4d.; charges on sale of debentures as per statement above mentioned, £63,292 4s. 3d.; further charges from 1st January to 30th September, £64 8s. 4d.; issues on account—railway materials purchased, and either in stock or in transit from England at 30th September, 1870, but not finally chargeable to the appropriations of Parliament for the construction and extension of railways until issued for use, £214,422 6s.; advances to the Commissioner for Railways remaining unadjusted on 30th September, 1870, £4,202 13s. 1d.; advances to Messrs. Mort, Vale, and Lacy, and to Messrs. P. N. Russell and Co., on account of their contracts for supply of railway rolling stock, not yet charged finally to the appropriation for same, £14,794 6s. 6d.; amount of payments prior to 30th September, 1870, in anticipation of services proposed to be provided for by loan, £331 19s. 3d. The total payments being £9,003,863 17s. The cash balance at the credit of the Loans' Account on 30th September, 1870, was £18,517 8s. 9d. At the present moment however there is a debit balance on this account. Having now gone through all the accounts, and shown the financial position of the country at the end of the present year, the estimated expenditure for next year, and how I intend to provide the Ways and Means to meet that expenditure, there is nothing more left for me to do than to ask honorable members fairly to consider the propositions I submit, not with reference either to one side of the House or the other, but with a view only to the public interest, bearing in mind that whatever Government is in power the revenue must be increased. Believing that I have done my duty, it is a matter of indifference to me what the result may be. I leave the matter with confidence to the House and to the country, knowing that I have laid the accounts before the committee in such a way as will show that the charges levelled against me from time to time are utterly without foundation, and that I have fulfilled my promises with regard to the repeal of the *ad valorem* duties.

[Sir JAMES MARTIN: Will the honorable gentleman be good enough to state whether he intends to put a tax upon printing paper and printing ink, and whether he intends to do away with the postal charge upon newspapers?]

I contemplate doing away with the postal charge upon newspapers, and I also contemplate a duty on printing paper, printing ink, and printed books. I desire to do away with that extraordinary anomaly which affects the printer, to the advantage of the importer of printed

books. Any one can now import printed books duty free, whilst the unfortunate printer has to pay duty on everything he imports. I intend, therefore, to propose a duty on imported books. These propositions may not be altogether acceptable to many honorable members, but I think I may fairly ask them to consider whether, in the event of any change, they are likely to receive others better calculated to attain the object we must all have in view—the settlement and the material progress of the country and the means most essential to protect the public credit. I now beg to read the resolutions which I intend to submit.

Tariff.

Resolved,—That towards raising the supply to be granted to Her Majesty, from and after the twentieth day of October, one thousand eight hundred and seventy, in lieu of the existing Customs' Duties, there shall be raised, levied, collected, and paid, upon the several Articles, Goods, Wares, and Merchandise, imported into the Colony, hereunder mentioned, the Duties of Customs specified against each (which shall be payable on all such of these Goods as are now in Bond), namely :—

Ale, Porter, Beer, Cider, and Perry	℔ 6 reputed quart bottles or ℔ 12 reputed pint bottles.	9d.
Ale, Porter, Beer, Cider, Perry, and Vinegar (in wood)	℔ gallon	6d.
Spirits, Cordials, Liqueurs, or Strong Waters, sweetened or mixed with any article so that the degree of strength cannot be ascertained by Sykes' Hydrometer, including all Alcohol diluted or undiluted with water or other menstruum, and containing in solution any Essence, Essential Oil, Ether, or other flavouring or other substance	,,	10s.
On Spirits or Strong Waters, of any strength not exceeding the strength of proof by Sykes' Hydrometer, and so in proporrion for any greater or lesser strength than the strength of proof—	For each reputed four-gallon case, containing not more than the reputed quantity ..	40s.
	Four each reputed two-gallon case, containing not more than the reputed quantity ..	20s.
Do.	℔ gallon	10s.
Spirits, Methylated	℔ gallon	3s.
Spirits—Perfumed	,,	10s.
Wine, containing less than 25 per centum of Alcohol of a specific gravity of ·825 at the temperature of 60° Fahrenheit—	For 6 reputed quart bottles or For 12 reputed pint bottles	3s.
Do.	℔ gallon	3s.
Pickles and Sauces	℔ dozen reputed pints	2s.
,, ...	℔ dozen reputed quarts (Other sizes in like proportion.)	4s.
Oil of all kinds, not specially described (except Whale and Cocoa-nut Oils), and Spirits of Tar	℔ gallon	6d.
Turpentine and Varnish	,,	1s.
Jewellery	℔ cubic foot	10s.
Watches and Watch Materials	,,	7s.
Apparel not specially described—Bonnets, Caps, and Hats, trimmed—Confectionery and Succades—Cotton Manufactures, Cotton Mixtures, and Drapery not otherwise described—Essences, Flavouring—Fur—Gloves made from Skins—Haberdashery and Hosiery—Linen Manufactures and Millinery not otherwise described—Silk, and all Manufactures containing Silk—Umbrellas and Parasols—Woollen Manufactures not otherwise described	,,	5s.
Clocks—Gum—Leather Manufactures, and Plumbers' Wares, not specially described—Sponge	,,	4s.
Apothecaries' Wares not specially described—Biscuits, Fancy—Blankets, Rugs, and Counterpanes—Boots, Shoes, Slippers, Goloshes and India-rubber Goods—Bonnets, Caps, and Hats—Curry and Custard Powders—Drugs not otherwise described—Perambulators—Salmon and Sardines—Turnery and Woodware	,,	3s.

Capers—Essence of Coffee, Cocoa, Chicory, and Chocolate—Fish, potted, preserved, or paste—Fruits, bottled or preserved—Gutta Percha Manufactures—Herrings—Isinglass—Jams, Jellies, and Marmalade—Mustard—Oilmen's Stores and Perfumery not otherwise described—Pipes, Tobacco—Soaps, Fancy—Syrups	℔ cubic foot.	2s. 6d.
Brushware and Brooms—Carpets, Hearth-rugs, and Oil-cloths—Combs—Harness and Saddlery—Lasts and Wooden Pegs—Papier-mâché Wares	,,	2s.
Bags, Bagging, Sacks, and Woolpacks—Pictures, Paintings, Engravings, and Frames for ditto—Whips and Walking-sticks	,,	1s. 6d.
Baskets and Wickerware—Baking-powder—Blacking, and Black-lead—Carriage materials—China, Porcelain and Parian Wares—Floor-cloth—Furniture, Upholstery, and Cabinet Wares—Glass and Crockery Wares—Grindery—Ink—Lamps, Lanterns, and Lamp-wick—Maizena, Corn Flour, Groats, and Oatmeal—Marble, Wrought Stone, and Statuary—Matches and Wax Vestas—Mats and Matting—Musical Instruments not otherwise described—Paper, Printing and Writing—Paper-hangings—Soda Crystals—Stationery, and Books of every description, including Music—Toys, and Fancy Goods, not otherwise described	,,	1s.
Planed Timber Boards—Paper, Wrapping and Bags	,,	6d.
Earthenware	,,	3d.
Sawn Timber...	℔ 50 cubic feet	5s.
Hewn ,, ...	,, 3s.	
Plate Glass	℔ 100 sup. feet	6s.
Window Glass	,,	3s.
Salt	℔ ton	20s.
Rice	,,	40s.
Shot	℔ cwt.	10s.
Dried Fruits	,,	10s.
Brass and Brass Manufactures—Copper Manufactures not otherwise described—Copying-presses—Cutlery—Hardware and Ironmongery—Hollow-ware—Japanned and Lacquered Ware—Lead Manufactures not described—Safes Iron—Tacks—Tinware, and Tinfoil—Tools not otherwise described—Weighing Machines	,,	4s.
Sugar—Refined	,,	6s. 8d.
,, Unrefined	,,	5s.
Molasses and Treacle	,,	3s. 4d.
Biscuits Plain—Cordage and Rope—Mouldings Gilt—Zinc Manufactures ...	,,	3s.
Paints and Colours, Mixed and Dry	,,	2s. 6d.
Arsenic—Bicarbonate and Carbonates of Soda—Fish Dried, Pickled, or Salted—Galvanized-iron-ware—Fencing-wire, Gates, Sheets, and Guttering, made of Iron—Saltpetre—Starch—Twine and Thread—White and Red Lead	,,	2s.
Nails—Screws—Soap	,,	1s. 6d.
Cast-iron Fencing and Rough Castings—Chains Iron—Copperas- Lead Sheet, and Piping—Pearl Barley—Steel—Sulphur—Whiting and Chalk—Zinc Sheets	,,	1s.
Malt	℔ bushel	6d.
Ammunition—Sporting Powder	℔ lb.	6d.
Opium...	,,	10s.
Tobacco—Manufactured	,,	2s.
,, Unmanufactured	,,	1s.
Cigars and Snuff	,,	5s.
Almonds and Nuts (Shelled)—Candied Peel—Coffee, Cocoa, Chicory, and Chocolate—Plated-ware—Spices, Cassia, Cinnamon, Cloves, Ginger, Mace, and Nutmegs—Tobacco mixed for Sheepwash—Tea	,,	3d.
Arrowroot, Sago, Tapioca, and Vermicelli—Bacon and Hams—Blue—Butter—Cheese—Hops	,,	2d.
Almond and Nuts (in Shell)—Blasting Powder—Candles—Cream of Tartar—Glue—Pepper—Tartaric Acid	,,	1d.
Leather	,,	0½d.
Gold Plate	℔ oz.	10s.
Silver	,,	1s. 6d.
Arms—Fire-arms and Swords	each	5s.
Carts, Dray, and Waggons...	,,	20s.
Doors and Window-sashes	,,	1s.
Harmoniums, Organs, and Pianofortes	,,	100s.
Machines, Sewing	,,	10s.
Cart and Carriage Wheels...	℔ pair	5s.
Carriages	℔ pair of wheels	60s.
Buckets and Tubs	℔ dozen	3s.

Palings	℔ 100	1s.
Caps Percussion, Laths, and Shingles	℔ 1,000	1s.
Cards, Playing	℔ pack	6d.
Cement, Plaster of Paris, and Resin	℔ barrel	2s.
Pitch and Tar	,,	1s.
Canvas	℔ bale	20s.
Flax and Hemp	,,	10s.

All goods subject to duty by cubic measurement to be measured outside the package, and all packages of and under half a cubic foot, to pay duty as if half a cubic foot; and in all packages over half a cubic foot the fractional parts of half a cubic foot to be charged in like manner.

Income Tax.

Resolved,—That towards raising the supply to be granted to Her Majesty there shall be raised annually the several Rates and Duties following, that is to say :—

(1.) For and in respect of the annual income, profits, or gains of every person residing in the Colony of New South Wales, or elsewhere, derived from lands, tenements, or hereditaments, situate in the said Colony.

(2.) For and in respect of all interest of money, annuities, debentures, dividends, and shares of annuities, arising or accruing from investments in the said Colony, payable to any person or persons, corporations, companies, or societies, whether corporate or not, and whether resident or carrying on business in the said Colony or not.

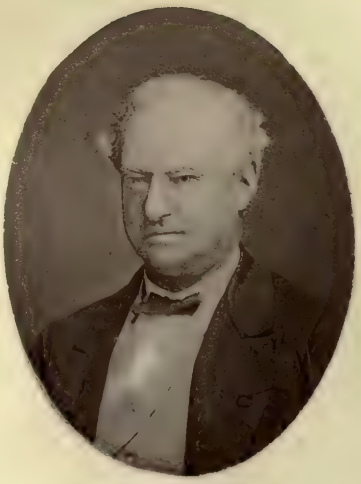
(3.) For and in respect of the annual profits or gains derived by any person or persons resident in the said Colony from any kind of property whatever, whether situate in the said Colony or elsewhere, or from any annuities, allowances, or stipends, or from the exercise of any profession, trade, or vocation, or from any other source whatsoever (with such exemptions and exceptions as may be prescribed).

(4.) For and in respect of every annuity, pension, salary, or stipend, payable to any person out of the Consolidated Revenue Fund, or the Superannuation or any other Fund.

For every 20s. of the annual value thereof respectively, where such value amounts to or exceeds the sum of £200, from the 1st day of January, 1871 ... ... £0 0s. 6d.

Newspaper Postage.

Resolved,—That the postage rate of one penny payable on every Newspaper posted within, or transmitted through the post within the Colony, shall not be demanded nor be payable on and after the first day of January, one thousand eight hundred and seventy-one.



THE HONORABLE GEORGE WILLIAM LORD.

NEW SOUTH WALES.

The Financial Statement of the Honorable George William Lord, made 9th February, 1871.

LEGISLATIVE ASSEMBLY.

Thursday, 9th February, 1871.

FINANCIAL STATEMENT.

Mr. LACKEY : It has been the desire of the Government that the Financial Statement should be made at the earliest possible date. I have accordingly prepared my Statement without delay, and I would now ask the indulgence of the House while I explain, as clearly and briefly as the circumstances admit, the financial position of the country on the 31st December last, and submit to the House the course I propose to adopt for making provision for the financial year of 1871. If honorable members will look at the accounts placed in their hands, they will perceive that I have had them prepared in precisely the same form as those submitted by my predecessor, simply putting in, where necessary, actual for estimated amounts. The accounts submitted by Mr. Samuel were four in number, viz. :—No. 1, 1868 and Previous Years Account ; No. 2, 1869 Account; No. 3, 1870 Account, partially estimated; No. 4, 1871 Account, entirely an estimated one. This arrangement, although not quite that which under other circumstances I should have chosen, I have adopted with a view to show clearly wherein lies the difference between the results I arrive at, so far as the accounts to the end of 1870 are concerned, and those arrived at by the late treasurer, Mr. Samuel. Having no desire to weary the committee with minute details, I will only ask them to follow me while I point out briefly the variations in Accounts Nos. 1, 2, and 3, that is, those for 1868 and previous years, and those for 1869 and 1870. In the No. 1 Account there have been a few changes, resulting in an increase of £458 4s. 4d., chiefly caused by a larger Supplementary Estimate than required at the date Mr. Samuel made his Financial Statement. The estimated deficiency then shown by him on this account was £86,190 1s. 5d. ; it is now shown by me to be £86,648 5s. 9d. Before passing on to the next account, I may just mention that it is probable this estimated deficiency will yet be somewhat reduced, because, under the provisions of the Audit Act of 1870, all appropriations on account of which contracts have not been taken before the 31st December of any year will lapse on the 31st March following. This law will no doubt wipe off many of the small balances of appropriations included in the sum of £18,786 0s. 4d., retained as liabilities, and in the meantime held available for expenditure up to the end of March next. On referring to the No. 2 Account, now submitted, honorable members will find, by comparison with the corresponding account of the late Treasurer, that the differences between them are very trifling. The estimated deficiency shown in mine is £132,061 19s. 1d. ; in Mr. Samuel's it was £131,086 8s. 11d., being an increase of £975 10s. 2d., which arises from an increase in the deficiency brought from the No. 1 Account of £458 4s. 4d., an increase on the Supplementary Estimate for the year 1869 of £272 5s. 10d., and under the head of Special

Appropriations, an increase for interest on debentures of £245; together making up the difference stated of £975 10s. 2d. Referring now to the account for the past year, which I regret to say does not admit of such a favourable report as the two I have just dealt with, it will be remembered that when my predecessor made his Financial Statement, on the 20th October last, he had to estimate his revenue for the last quarter. His estimate was £747,444; the actual amount received was, however, only £671,205 10s. 3d., showing a difference of £76,238 9s. 9d. If honorable members will turn to the 1870 Account Current, I will, as briefly as possible, show wherein it varies from my predecessor's. I will deal with the credit side of the account first, as it is there where the largest difference occurs. Mr. Samuel's actual and estimated revenue and receipts for the year were put down at £2,178,936; from which he deducted £30,000 received from the Government of Victoria on account of 1869, and £6,872 13s. 6d. for advances refunded, together amounting to £36,872 13s. 6d.; making the estimated net revenue for 1870, £2,142,063 6s. 6d. The actual revenue for the year has turned out only £2,102,697 6s. 2d.; from which have to be deducted £30,000 received in 1870 from Victoria on account of Murray River Customs Account, 1869, and £20,362 9s. 4d. for advances refunded, amounting together to £50,362 9s. 4d.; leaving a net revenue of £2,052,334 16s. 10d. To this amount I have added £10,000 due by Victoria on account of this year's Customs' Account, thereby bringing up the amount to be credited to 1870 to the sum of £2,062,334 16s. 10d., showing a reduction, as compared with Mr. Samuel's Account, of £79,728 9s. 8d. As honorable members know pretty well, from the Statements published in the Government Gazette how this difference has arisen, I will not trouble them with going into the matter further than by stating that the Land Revenue alone shows a falling off of £48,731 15s. 1d., and the Railways £11,460 4s. 11d. The next item which I have to draw attention to, on the credit side, is the amount of appropriations not likely to be required. It will be perceived that I have adopted the figures of my predecessor, because I believe it would be unsafe so soon after the close of the year to estimate a larger amount. The whole amount of Parliamentary appropriations for 1870 remaining unexpended on 31st December last was only £273,799 7s. 1d. If from this sum we deduct the estimated savings shown in the Account, viz., £110,360 12s. 5d. it only leaves £163,438 14s. 8d. for expenditure in 1871. When I inform the Committee that in 1870 the sum of £190,755 1s. 10d. was expended for services of 1869, it will readily be understood that £163,438 14s. 8d. is not an excessive amount reserved for expenditure in 1871, for services of 1870. As already stated, however, the operation of the Audit Act of 1870 will enable a much more correct estimate of these savings to be made at 31st March next than it is possible now to do. Honorable members must however bear in mind that, although the law requires that all unexpended appropriations on account of which there are no outstanding contracts must then be written off, it does not follow that other liabilities incurred on their account must not be paid. The effect will be to compel the Government to bring down Supplementary Estimates for sums written off, which afterwards are found to be absolutely required. By turning to the debit side of the account, I will show what changes have there been made. The first is an increase in the estimated deficiency, brought from the 1869 Account, of £975 10s. 2d.; the second is an increase on the Supplementary Estimates of £35,054 14s. 8d.; and the third and last under the head of Special Appropriations, a further sum of £8,168 9s. 9d.; showing an increase of expenditure of £44,198 14s. 7d. If to this additional charge we add the decrease on the revenue, which I have explained, of £79,728 9s. 8d. it will show a difference of £123,927 4s. 3d. as compared with the accounts submitted by my predecessor in October last. By adding to this amount the deficiency at 31st December last, as estimated by Mr. Samuel, of £210,686 16s. 2d., we arrive at the amount at which I have estimated the deficiency on same date, viz., £334,614 0s. 5d. It will be observed that I have not referred to the £13,424 on the Supplementary Estimates for Public Works proposed to be raised by loan, because that

amount appears on both sides of the account, and consequently does not affect the general result. In order to show clearly how the difference arises between the deficit on 31st December last, as estimated by myself, and that shown by my predecessor, I have had a statement prepared which, with the permission of the Committee, I will now read. Deficit 31st December, 1870, as estimated by me, £334,614 0s. 5d.; deficit as estimated by Mr. Samuel, £210,686 16s. 2d.; difference, £123,927 4s. 3d.; accounted for in this way:—1868 and previous year's account—additional charge, £458 4s. 4d.; 1869 account—additional charge for interest on debentures, £245; increase on Supplementary Estimate, £272 5s. 10d.; 1870 account—increase on Supplementary Estimates, £35,054 14s. 8d.; special appropriations, further sum, £8,168 9s. 9d.; decrease on net revenue as compared with Mr. Samuel's estimate, £79,728 9s. 8d. In all, £123,927 4s. 3d. Doubting whether the usual method of stating these accounts is intelligible to every member of the House, I have had a statement prepared showing the liabilities and assets on the Consolidated Revenue Fund on the 31st December last, which I think cannot fail to convey to all a clearer, and therefore a more satisfactory view of the case. I have reversed the usual order in this account by giving the liabilities first, they being unfortunately much greater than the assets. The liabilities were:—Balance of appropriations, 31st December, 1870, viz., Appropriations of 1868 and previous years, as per account No. 1, £18,786 0s. 4d.; appropriations of 1869, less £100,000, estimated as not likely to be required, £28,571 10s. 4d.; appropriations of 1870, less £110,360 12s. 5d., estimated as not likely to be required, £163,438 14s. 8d. Fourth instalment of Deficiency Loan not yet passed through the books of the Treasury, but paid in London 31st December, 1870, £100,000. Supplementary Estimates for 1870 and previous years, less £38,562 9s. 9d., paid on account to 31 December, 1870, £68,476 2s. 11d., making the total liabilities £379,272 8s. 3d. The assets were:—Cash balance at the credit of the Consolidated Revenue Fund, 31st December, 1870, £32,058 15s. 10d.; balance due by the Government of Victoria on Murray River Customs' Account, 1870, £10,000; advances on account of other Governments, £403 19s. 6d.; advance on account of the Main Western Road Vote of 1871, £2,195 12s. 6d.; which makes a total of £44,658 7s. 10d.; deducting the assets from the liabilities there is left a deficiency of £334,614 0s. 5d. No one will blame my honorable friend opposite for the sanguine expectations in which he seems to have indulged with regard to his income, but we have now to deal with results. The falling off in revenue from sources to which the country has hitherto looked for large returns points to the necessity at no very distant date for some modification of our land laws. It is clear that the public mind is in an unsettled state with regard to the future price of land, and doubtless this, together with the unpropitious season and general depression through which the Colony is passing, has prevented many persons from purchasing, all uniting to greatly affect the revenue derivable from land sales. It should also be borne in mind that the depreciation which has taken place in the value of pastoral properties and stock, from many causes, has assisted in the reduction of rents and assessments. I am desirous that honorable members should clearly understand the state of the deficiency debt of the Colony. It would be needless to endeavour to show by whom this deficiency has been brought about. It does not concern the House, at the present stage of the business, to discuss the exact amount of deficit which each of my predecessors has left on his retirement from office. It is enough for us to know that at this moment the deficiency debt of the Colony stands at £824,514 0s. 5d., which is made up of the following sums:—Treasury bills due 30th April next, £343,200; debentures falling due 31st December, 1871, £100,000; debentures falling due 31st December, 1872, £46,700; deficit at the end of 1870, as already shown, £334,614 0s. 5d. With this deficiency debt, the accumulation of years, I have now to deal, and I feel it incumbent on me that I should make it clear and intelligible to the House and the country. I think, sir, the time has arrived when this long-continued deficiency should be finally disposed of; and, whatever may be the views of honorable

members on other subjects of political government, it behoves them, in their interest for the common welfare, to unite in sustaining the credit of the Colony. It will be said that the deficiencies of late years should have been covered by the revenue derived from the operation of the *ad valorem* duties, which when imposed it was understood were to be levied only until the debentures issued to cover these deficiencies were paid; but honorable members must bear in mind that even supposing these duties had been specially appropriated to the payment of these engagements, the deficiency as it now exists would have been the same in amount; possibly, had that been done it might have resulted in increased taxation and retrenchment in the public expenditure at a much earlier period. It has been stated in some quarters that the burdens of the people are sufficiently heavy, and that the trade of the Colony would suffer by any attempt to raise revenue to meet this large deficiency debt. No doubt any scheme which provided for the immediate extinction of this amount would be felt by all classes of the community, and possibly trade would suffer; and some people have so far become impressed with the idea that no fresh taxation ought to be introduced as to recommend that the whole of this deficiency debt should be funded. To such a course as this the present Government cannot consent, but they propose by a system of retrenchment, increased taxation through the Custom House, and by extending their liquidation over a longer period, eventually to wipe these deficiencies out. It may be argued that there is nothing binding upon a Ministry to liquidate this deficiency, and that in a few years there will be a repetition of the present scheme. To this I would merely remark that the check on the Government rests in the hands of members of this House, who, if they do their duty to the country, will see that the scheme agreed upon for the extinction of the debt is faithfully carried out. By reference to the Estimates it will be seen that we propose a reduction on the salaries of the civil servants. Our scheme of practical retrenchment is based on a sliding scale from 7½ to 2½ per cent. on annual salaries, and on reductions in the wages of Government employés of the labouring class. This action on the part of the Government, which doubtless will be open to much comment on the part of honorable members, is merely a preliminary measure, and intended to show the House and the country that we are sincere in our promises of retrenchment. We intend, as soon as time will permit, and as an adjunct to our present proposal, to make a thorough investigation, in detail, of all the Government departments, and do our best to provide for the conduct of the public service by as few and as competent officers as shall be practicable. It is the determination of the Government to retrench, and they rely on the countenance and support of those honorable members who have spoken so loudly on this subject. There are many persons inside and outside the House to whom the scheme will be unacceptable, and to them I would address a few observations. Honorable members will not forget that the salaries of all the public servants received an increase on the discovery of gold in this Colony; this increase has never been wholly taken off. Then it must be remembered that there is no interest in the country, whether it be the squatting, mining, agricultural, or commercial interest, which has not suffered depreciation—house property and property of every description, bank and other stocks—all have suffered, some to an enormous extent. Why then should we, with signs of depression all around us, perpetuate high rates of salaries in the departments of the State? If the service of the Government be so eagerly sought after as it is, the best proof is afforded that the service is considered the best paid; and although the reduction will be felt most by the officials themselves, there is, I am happy to say, so large an amount of common sense and intelligence in their ranks that they will admit, if not the wisdom, at all events the necessity of the policy adopted by the Government, and cheerfully acquiesce in it. We have reduced the allowances to certain charitable institutions, schools of art, and other public institutions, which have hitherto been so liberally endowed by the Government, but which, in the spirit of retrenchment adopted by the Cabinet, it is only right should now be curtailed. It is a question admitting of argument whether these institutions should receive so large an

amount of direct support from the revenue, or whether the public in the various localities should in their own interests put their shoulders to the wheel. I think the House will agree with us in these reductions; the experiment can at all events be tried for a year without inflicting any serious hardship. As it is the intention of the Government to carry out the self-supporting principle with respect to roads under trustees, they have adopted the estimate of their predecessors under this head. With regard to the omission from the Estimates of certain sums proposed by the late Government to be raised by loan for certain public works, we have decided to let a portion of those works stand over for the present, as they are not of a pressing character; not with the object of abandoning them entirely, but with the intention of placing them on the Estimates at some future time. Others are provided for by general Loan Acts. The same with regard to the item of £1,100,000 set down by Mr. Samuel for the extension of railways. The raising of this money, it is also thought desirable, should be postponed to a later period, not only because of the necessity of adjusting the finances of the country before pledging it to so large an expenditure, but because the Government has yet to decide as to railway extension, —whether it be the completion of the southern line only, or whether they will proceed with the three lines simultaneously. In any case, however, a large sum of money will be required; and, as the completion of the contracts already entered into, for extensions to the western and northern termini, will occupy some eighteen months longer, there is no immediate hurry either to enter upon fresh contracts or to involve the country in additional obligations. Honorable members will find, on reference to the No. 4 Account Current, that the estimated expenditure for 1871 is set down at £2,598,996 18s. 6d., to meet which I propose to raise by loan in England, for public works, and other such services, £370,291, leaving as an actual charge on the revenue a sum of £2,228,705 18s. 6d. This includes the payment of £100,000 of deficiency debentures falling due on the 31st December, 1871, and a sum of £10,000 to meet claims which may arise pending the settlement of the question respecting the Superannuation Fund. The adjustment of this vexed subject is a matter which has occupied the attention of the Government, and they will be prepared shortly to offer to the House a scheme for its final settlement. I now proceed to inform the House how I propose to dispose of the deficiency debt. This is a matter which presses for immediate attention; for not only is there the deficiency of £334,614 left me by the late Treasurer, but in a few weeks there will fall due £343,200 of Treasury Bills, which will have to be provided for; these two items alone represent £677,814. I have already said that it is not the intention of the Government to deal with the deficiency except on a plan by which it shall be extinguished; and I have also stated that, in my opinion, it would be injurious to attempt to raise revenue to expunge it by an immediate or even short deferred payment; but I think that some sacrifice should be made by the community at large, and I believe the public are prepared to do so, in order that this debt may be dealt with in the manner I propose, and that extra taxation will be cheerfully borne. I will presently submit to the House the sources from which I expect to receive my revenue for the present year. Now, with regard to the £343,200 of Treasury Bills, I would ask the House to sanction the renewal of this sum for another year. It is, however, my intention to devote the surplus revenue which I will have at the end of 1871 to liquidating in part these bills. I propose that, with the ample revenue which my tariff will yield, and with the savings which will accrue from the vigorous scheme of retrenchment already foreshadowed, gradually to extinguish these Treasury Bills in a period a little over three years; in fact, I propose to render available the surplus of each year for their final extinction. If, after that result is attained, the prospects of the country will admit of it, it will be something for the Treasurer of the day to submit to the House a plan for disposing of the surplus by a scheme of reduced taxation. It appears to me that my predecessors have not seen their way to come down with a tariff capable of yielding revenue sufficient for the wants

of the country; they have in fact made not perhaps sufficient allowance for the contingencies of floods and droughts with which this Colony has been so often afflicted, consequently the expectations of the least sanguine Treasurer have been disturbed by influences in many instances beyond his control. I propose to deal with the deficiency of £334,614 0s. 5d. at the end of 1870, by the issue of Treasury Bills as required, having a currency of three years, negotiable in the Colony. These bills will be issued only as the necessity for the money may arise. The mail service to California, *viâ* New Zealand, expires on 31st March next. The desirability of opening up the service by a more direct route will be duly considered. Honorable members will find on the Estimates several sums for military defences, the necessity for the continuation of which, considering the disturbed state of Europe, cannot, I think, be denied. I have estimated the revenue and receipts for the year 1871 at £2,247,305, as per statement, to which I would refer honorable members. From Customs I expect to receive £1,000,000, being an increase on the actual receipts of 1870 of £146,184, but I estimate that the land revenue will not be more than £466,805,—being £121,560 less than the sum estimated by my predecessor, Mr. Samuel, for this year. I adopt these figures for reasons already stated, and because I find that there was a falling off in the revenue under this head in 1870 of £105,964 as compared with 1869. The land revenue of 1869 was £584,034, while the amount actually received in 1870 was only £478,070. If, therefore, there was this large falling off, owing doubtless to the holding back of purchasers in anticipation of a favourable change in the Land Law last year, how much greater will be the holding back in anticipation of the change which will probably, in compliance with a resolution of the House, be introduced during the present year. Although I may be accused of taking a gloomy view of the land receipts, I am justified in the view I take by the results of the actual receipts which last year presents. I have made no alteration in the revenue expected from stamps. The Government propose to bring in an amendment of the Stamp Duties Act, which will give some trifling increases, not more however than we shall lose by abolishing the succession and legacy duties. I now come, sir, to the most important feature in my Financial Statement; it is one which doubtless interests the public out of doors even more than it does honorable members. The question of a readjustment or alteration of the fiscal policy of the Government is one which always excites interest in the mercantile community. I believe at no time in the history of the country were men's minds more anxious that the tariff should be brought forward, and, if possible, put on a basis which would not necessitate alteration for some time. I am assured by many mercantile people in Sydney that business has been kept in a feverish and excited state since October last, owing to the attempt of the late Government to pass their tariff, and the measures adopted to protect the revenue by the collection of their proposed new duties; and in the Customs Department there is still evidence of the magnitude of clerical labour which the proposed changes of my honorable friend opposite caused. I lay it down that it should be the endeavour of a Government to pass a tariff to yield, on the one hand, ample revenue for the wants of the country, and, on the other, that the tariff should be such as to obviate the necessity for constant changes. With these views, and with an earnest desire to deal honestly and fairly with the deficiency debt of the Colony, I have prepared a tariff which will answer all the conditions I have laid down, and, at the same time, will not be felt to be oppressive by those who have to contribute to it. I have determined to establish, where possible, a scale of fixed duties based on the known weight, size, or contents of the various articles, and where such can be easily arrived at; and I think in this point it will be found that I have met the opinions of the House as expressed in the discussions which took place on the tariff at the close of last year. I have introduced a large free list, with a desire to lighten, as much as possible, our trade in articles imported from the South Sea Islands, which is now assuming so important a character; and also to remove, as far as possible, the obstructions which

have prevented our harbour being visited, as in former years, by the large fleet of whalers which frequented these waters, and left behind them something which benefited the port. I have also included in the free list many minor articles the collection of duty on which hampers our own coasting and trading ships. It is the intention of the Government without delay to submit a Bill for raising a tax, to come into operation on the 1st of January next, upon the property of absentees. By this means persons who derive a large income from the industry of this Colony without paying anything towards the protection of the property from which such income is derived, will be compelled to contribute fairly towards the expenses of the Government. The proceeds of this tax will enable the Treasurer at a future date to relieve the country of some of the burthens which we are now compelled to impose on it. I propose to increase, for revenue purposes, the *ad valorem* duty in some instances to 10 per cent., mainly having in view that this rate covers articles of luxury, and others with respect to which specific duties could not be imposed. The tariff submitted by me is framed solely with a view to revenue. I have framed it to inflict as little injury on any class as possible; and the Bill to carry it into effect will contain clauses which I have every reason to believe will protect the fair trader against the frauds of dishonest competition. This will remove many of the objections which have been raised against *ad valorem* duties. Before closing, I desire to refer to the Loans Account. It will doubtless be in the recollection of honorable members that a good deal of discussion took place in the House last year relative to the course the late Government adopted for raising a balance of £322,709 12s. 6d., which my honorable friend opposite stated was absolutely necessary for the completion of Public Works authorized to be provided for by loan. This balance was subsequently increased to £363,437 3s. 1d. by the re-appropriation of £40,727 10s. 7d. for Harbour Defences, which had been written off previous to the arrival of the war news. On the 7th September last Mr. Samuel therefore instructed the Bank to raise the larger sum on the £450,000 debentures sent home in June preceding. Before that letter, however, could have reached London the Bank had negotiated the whole issue on terms which, so far as the accounts received to this date show, will realize a net average price of £97 15s. 5d. per cent. In the letter of 7th September, alluded to, Mr. Samuel gave the Bank permission to negotiate the whole £450,000 of these debentures, if that course were considered necessary to affect an advantageous sale; but in that case an amount equal to that over-raised was to be short-raised under the next issue. With the exception of the last loan of £407,100, for which debentures were transmitted to England in October last, the sale of which has not yet been advised, all our authorized loans have been negotiated. If honorable members will refer to the Loans Account, attached to the Ways and Means, they will there find a statement of the assets and liabilities of this account on the 31st December last in the usual form, which I trust will afford them all the further information which may be required. In conclusion, I would point out that no time has been lost in bringing before the House the financial position of the country. I do not think there is a precedent where any former Government, within a week of the opening of Parliament, laid on the table the Estimates of Expenditure, and within another week the Financial Statement had been delivered. The preparation of the statement I have now submitted has necessarily been hurried, modification therefore in some respects may be found advisable. If honorable members consider I have not given them sufficient details, I must ask their indulgence and refer them to the papers now before them. I have endeavoured, in as clear a manner as the language at my command will permit me, to lay before honorable members a statement of our financial position, and to render intelligible the necessity which exists for further taxation, and I now beg to move—

That towards raising the supply granted to Her Majesty, from and after the tenth day of February, one thousand eight hundred and seventy-one, in lieu of the existing Customs Duties upon the several articles, goods, wares, and merchandise imported into the Colony, hereunder mentioned, there

shall be raised, levied, collected, and paid, the Duties of Customs specified against each (including all such of these goods as are now in Bond), namely :—

Spirits.—On all kinds of spirits imported into the Colony, the strength of which can be ascertained by Sykes' hydrometer	the proof gallon	10s.
On all spirits and spirituous compounds imported into the Colony, the strength of which cannot be ascertained by Sykes' hydrometer ...	℔ liquid gallon	10s.
Mythelated Spirits	,,	2s.
Wines, Sparkling	,,	6s.
Other kinds	,,	4s.
Beer, Ale, Porter, Spruce or other Beers, Cider and Perry; in wood or jar	,,	6d.
,, ,, ,, ,, ,, in bottle ...	,,	9d.
Cigars...	℔ lb.	5s.
Snuff	,,	2s.
Tobacco—Manufactured	,,	2s.
,, Unmanufactured	,,	1s.
,, Sheepwash	,,	3d.
Opium (including all goods, wares, and merchandise, mixed or saturated with opium, or with any preparation or solution thereof, or steeped therein)	,,	10s.
Coffee, Chicory, Cocoa, Chocolate	,,	3d.
Tea	,,	3d.
Sugar, Raw	℔ cwt.	5s.
,, Refined	,,	6s 8d.
,, Molasses and Treacle	,,	3s. 4d.
Grain and Pulse of every kind not otherwise enumerated	,,	9d.
Grain and Pulse of every kind not otherwise enumerated, when ground, or in any way prepared or manufactured	,,	1s.
Comfits, Confectionery, Succades	℔ lb.	1½d.
Alkali, Soda, Ash, Caustic Soda	℔ ton	20s.
Soda Crystals, Cordage, Rope, Lead Pipe or Sheet, Nails and Screws, Paints, Galvanized Iron in bars, bundles, or sheets, or corrugated ...	,,	50s.
Acids, Vinegar, Oils, except specially exempted	℔ gallon	6d.
Turpentine	,,	1s.
Varnish	,,	2s.
Arrowroot, Sago, Tapioca, Ginger, Blasting Powder, Salt and Dried Fish, Maizena, Corn Flour, Jams, Jellies, Nuts of all kinds (except Cocoa-nuts), Preserves, Preserved Meats, Fish and Vegetables ...	℔ lb.	1d.
Sporting Powder	,,	6d.
Shot	℔ cwt.	10s.
Bags and Sacks	℔ dozen	1s.
Butter, Cheese, Dried Fruits, Macaroni, Vermicelli, Pepper, Starch, Spices, Bacon, Hams, and Blue	℔ lb.	2d.
Candles	,,	1½d.
Cement	℔ barrel	2s.
Bottled Fruits ... ... quarts	℔ dozen	2s.
,, ...pints and smaller packages	,,	1s.
Rice	℔ ton	60s.
Whiting, Chalk, Pig, Bar, Rod-plate, Sheet, Bundle and Hoop ... Iron	,,	10s.
Iron Wire, Iron Pipes, Castings, Chains, Salt, Saltpetre, Steel ...	,,	20s.
Malt	℔ bushel	6d.
Hops	℔ lb.	3d.
Soap, Common	℔ ton	60s.
,, Fancy	,,	120s.
Timber, Dressed	℔ 100 feet super.	2s.
,, Rough and Undressed	,,	1s.
,, Palings	℔ 100	1s.
,, Shingles, Laths	℔ 1000	1s.
,, Sashes, Doors, Shutters	each	1s.
Spades, Shovels, Picks, Axes	℔ dozen	2s.
Oilmen's Stores—Sauces and Pickles ... ... quarts	,,	1s.
,, ,, ... pints and smaller quantities	,,	6d.
Iron Tanks	each	5s.
Galvanized Manufactures	℔ cwt.	3s.
Zinc...	,,	4s.
Zinc, in sheets or rolls	,,	2s.
Woolpacks	each	3d.
Paper, Printing	℔ cwt.	4s. 8d.
,, Writing and Fancy	℔ lb.	1d.
,, Brown and Wrapping	℔ cwt.	3s. 4d.

On the several articles, goods, wares, and merchandise imported into the Colony, hereunder mentioned, 10 per cent. ad valorem, viz. :—

Agricultural Implements, Apparel, Slops, Apothecaries and Druggists' Wares (not otherwise enumerated), Baskets and Basket Wares, Bellows, Blacking, Brassware (manufactured), Brushware, Carpeting and Rugs, Carriages, Copper Manufactures, Cottons (manufatured), Cutlery, Earthenware and China, Glassware, Stationery not otherwise enumerated, Looking, Pier, and Plate Glass, Furniture and Cabinet Ware, Floor-cloth, Gas-fittings, Haberdashery, Millinery, Hats, Caps, Bonnets, Hosiery, Gloves, Musical Instruments, India-rubber Goods, Jewellery, Boots and Shoes, Linen and Drapery, Matches, Machinery, Weighing and Sewing Machines, Matting and Rugs, Oilcloth, Painters' Materials, Paper-hangings, Perfumery, Gold and Silver Plate, Platedware, Saddlery and Harness, Portmanteaus, Travelling Bags, Silks, Tents, Tarpaulins, Tinware, Toys, Fancy Goods, Turnery, Woodware, Umbrellas, Parasols, Watches, Clocks, Firearms, Woollens, in piece and manufactured, Blankets.

On all other goods not included in the foregoing lists, nor enumerated in the appended schedule of exemptions, 5 ℘ cent. ad valorem.

Free List.

Animals (living), Anchors and Cables, Beche-de-mer, Sandalwood, Cocoa-nuts, Sulphur, Sperm, Black, and Cocoa-nut Oils, Fibre, Cocoa Fibre, Pulu, Copra, Lime-juice, South Sea Island Produce (except specially rated), Church Ornaments, Fittings, and Instruments, Gold and Silver, in Coin, Bar, or Dust, Ores, Raw Cotton, Cotton Wick and Waste, Old Sails, Old Rope, Old Iron, Old Brass and Copper, Old Metals, Dolomite, Guano and Manures, Fresh Meat and Fish, Kaurie Gum, Curiosities, Old Casks, Hides, Horns, Hair, Skins, Bristles, Wool, Tallow and Animal Oils, Bones and Bone Products, Whalebone, Dyers' Materials, Rags and Paper-making Materials (raw), Flax, Hemp, Flock, Military and Naval Stores, Oakum, Pitch, Tar, Resin, Oars, Pictures, Printed Books, Paintings, Seeds for Garden purposes, Plants, Trees, and Shrubs, Green Fruit and Vegetables, Quicksilver, Rattans and Canes, Shooks, Mill and Grind Stones, Rough Stone and Marble unmanuactured, Paving Stones, Ships' Ballast, Tortoisehell, Yams, Yellow Metal and Yellow Metal Rods and Nails, Sheathing-felt, Coal and Coke, Passengers' Luggage and Effects, Packages in which goods are usually imported, Specimens of Natural History.

Penalty for false entry or valuation, to be confiscation.

The *ad valorem* duties to be computed on the *net* invoice cost at place from whence imported, with the addition of 10 ℘ cent. thereto.

NEW SOUTH WALES.

The Financial Statement of the Honorable George William Lord, made 6th December, 1871.

LEGISLATIVE ASSEMBLY.

6th December, 1871.

FINANCIAL STATEMENT.

Mr. LACKEY: It now becomes my duty to lay before the Committee a statement of our Financial position for the present year, and to submit also the Ways and Means which the Government expect to have in 1872, to meet the expenditure of that year, as exhibited by the Estimates I laid upon the Table of the House on Thursday last. As on a former occasion, I have taken the earliest opportunity after the opening of the Session of bringing the financial position of the country before the House. I would, in the first place, request the attention of the honorable members while I endeavour to explain, as briefly as possible, the various accounts which I find it necessary to submit in elucidation of the financial position of the years to which they refer. The accounts with which I have chiefly to do are only three in number, and will I trust be found framed in such a way as can readily be understood. The first has reference to the accounts of 1870 and previous years. The second to the receipts and expenditure, actual and estimated, for the current year, and the third to the year 1872. Provision was made, it will be remembered, last Session, for the deficit which, in my financial statement of 9th February last, I showed would arise on the accounts of 1870 and previous years. That deficit I estimated would amount to £334,614, to cover which Parliament authorized the issue of Treasury Bills to a like extent, bearing interest at the rate of 5 per cent., and having a currency of three years. The statement I now submit, and which I have had prepared with a view to prove that that estimate was not an exaggerated one, will be found marked No. 1 of the Ways and Means. To this account I now desire to draw the attention of the Committee. By the credit side it will be seen that I commence it with £32,058 15s. 10d., the actual cash balance at the credit of the "Consolidated Revenue Fund" on 31st December, 1870. This is a starting point which cannot be disputed, as the abstracts of the public accounts laid on the Table of the House the other day clearly show that this was the correct balance on that date. I have also given credit for a sum of £10,000 received in July last from the Government of Victoria on account of the past year's Murray River Customs, and I have credited the account with £2,195 12s. 6d. repayment of advances made from the revenue of 1870 on account of the Western Road vote of 1871. These three credits or assets amount to the sum of £44,254 8s. 4d. It will therefore readily be understood that payments this year on account of services of 1870 and previous years in excess of that sum go towards making up the deficiency of £334,614 which I previously estimated. If honorable members will now turn with me to the debtor side, I will explain the several charges for which this account is liable. During the three quarters ended 30th September last, payments were made in the colony to the extent of £188,134 10s. 9d., the particulars of which have

been given in the quarterly statements published in the *Government Gazette.* In October the payments amounted to £2,566 18s. 1d., thereby making the total payments in the colony from 1st January to 31st October, £120,701 8s. 10d. Besides these, there were disbursements in London by our financial agents on account of Services of 1870 and previous years to the extent of £122,930 7s. 2d. This large amount includes the payment of £100,000 short-dated debentures which fell due on 31st December last, but which could not, of course, be passed through the books of the Treasury until the present year. The payments here and in London to 31st October, amount together to the sum of £313,631 16s., being £269,377 7s. 8d., in excess of the £44,254 8s. 4d. at the credit of this account. This excess, it will be seen, is not an estimate, but an actual cash deficiency. Bringing down this deficiency of £269,377 7s. 8d. on the debtor side, I add the appropriations, which, on 31st October were still retained for future expenditure. These amounted to £76,045 3s. 4d. From this sum I have however deducted £21,209 5s. 2d., as the probable amount of further savings, charging the account under this head with only £54,835 18s. 2d. There is also, it will observed, a charge of £10,790 13s. 8d. for an Additional Supplementary Estimate. The actual cash deficiency on 31st October, and these two charges, bring the deficit up to £335,003 19s 6d., which will be covered by the proceeds of the Treasury Bills authorized to be issued by the Treasury Bills Deficiency Act of 1871. This account may therefore be considered finally closed. Before passing on to the account for the present year, it may be as well to inform the House that, notwithstanding I have made payments this year to the extent of £269,377 7s. 8d. on account of services of 1870 and previous years, in excess of funds available, I have not been compelled to negotiate the Treasury Bills authorized by Parliament to meet the deficit on this account, nor do I anticipate having to do so for some time to come. I will explain, in another part of my statement, how I have been enabled to meet these payments without having recourse to this loan. To the next account, No. 2, I would invite the special attention of honorable members, being the one for the present year. Since I submitted my estimates of revenue and expenditure for this year, the tariff I proposed then was so modified by the House that a very considerable reduction in my estimates of the Customs Revenue is the result. On the other hand, by a large additional estimate, introduced before the close of the Session, my proposed expenditure was much increased. Notwithstanding these unfavourable changes, I think I will be able to show that the result of the year's operations, as a whole, will be much more satisfactory than could have been expected under these circumstances. In dealing with this account, I will follow the arrangement I adopted in explaining the No. 1 account. The first item on the credit side, it will be observed, is £2,226,468, the amount of actual and estimated revenue for 1871. Of this sum, £1,654,071 was received during the first ten months, and £572,397 is the estimated revenue for the months of November and December. Deferring for the present my analysis of these items, it will be seen that from this actual and estimated revenue, I deduct £10,000 for Murray River Customs, which, although received this year from the Government of Victoria, belongs to the revenue of 1870, to which account, it will be remembered, it has been credited. The second credit is £100,000, being the usual amount of appropriations for general services, estimated as not likely to be required. I could easily show, by taking an average of the savings on appropriations for a series of years past, that this is by no means an excessive amount to take credit for, The third item of credit is the vote of £30,000 which was taken in consequence of the Audit Act coming into operation this year, to enable the Treasurer to make advances to public officers and others, which could not be charged at once to special appropriations of Parliament. As the few temporary charges which have been made against this vote will ultimately be transferred to other votes, the £30,000 will lapse altogether. It must, therefore, be admitted that I properly take credit for this sum. On the debtor side will be found the charges against the revenue of the year. The first of these is for general

services, that is, those which were voted by the House, and embraced in the annual Appropriation Act. These services were estimated, at the time I made my former statement, to amount to £1,454,368 6s. 8d.; but owing to a rather large Additional Estimate having been brought forward towards the close of the Session this amount was increased to £1,540,675 16s. 4d., being an addition to my previous estimate of £86,307 9s. 8d. As this was an unusually heavy additional estimate to submit before the close of a Session, the Committee will, perhaps, allow me to remind them of a few of the items embraced in it. The largest of these I have already alluded to, in explaining why I had taken credit for the amount as an appropriation that will not form a permanent charge on the Consolidated Revenue Fund. I refer to the vote of £30,000 which was taken to enable the Treasurer to make advances to public officers and others. When the Audit Act came into operation this year, the Government found their hands so tied up by its provisions that no service, however important or however pressing, could be carried out unless Parliamentary sanction had been previously obtained. To obviate the great inconvenience which a strict adherence to the law in this respect could not fail to create, it was suggested that a temporary vote of £30,000 would meet the difficulty. This amount was therefore placed upon the estimate, and cheerfully voted by the House. The Government, in its desire, however, to incur no expenditure which had not been duly provided for by Parliament, have only made use of this temporary appropriation in cases of extreme necessity. Then, it will be remembered that there was a sum of £16,000 for Minor Roads, and £7,500 for Steam Postal Communication with Great Britain, *viâ* San Francisco, placed upon this estimate, in compliance with distinct resolutions of the Assembly. There were also £10,000 for purchase of Warlike Stores, and a further sum of £4,000 towards defraying the expenses of taking the Census. These five items alone amount to £68,500. From this explanation, I think honorable members will see that this large additional estimate was unforseen at the time I made my former statement, and that some of the services were really inevitable. Reverting to the account, it will be seen that the amounts for services provided by the Constitutional and Colonial Acts, and the Special Appropriations, remain as before; as also the amount required to meet the fifth instalment of short-dated debentures falling due on 31st December next, and which it must be satisfactory to the House to find will be paid out of the revenue of the year. There is besides these a small charge of £3,163 12s. 5d. to meet the difference between the salaries paid to Government Officials for January last, under the Appropriation Act, 34 Vic. No. 10, and the reduced amounts provided on the Estimates-in-Chief for 1871. The Supplementary Estimate of £13,923 1s., chargeable to this year's account, is, I believe one of the smallest ever submitted. My estimated surplus of £24,367 18s. 5d., although greater than estimated by me in February last, is not quite so large as I then anticipated it would actually turn out. It must, however, be borne in mind that a very considerable reduction in Customs' Duties resulted from the changes made by the House in the tariff I submitted, and on which I had based my estimate of revenue from that source. For instance, my estimate was diminished £100,000 by the refusal of the House to increase the Ad Valorem Duties; £30,000 by the loss of the Flour and Wheat Duty; £3,000 on the reduced duty on Candles; and £1,000 on Printing Paper and Sundries: making in the whole a loss of £134,000. It must also be borne in mind that, from the circumstance of our not collecting the new duties from the time of introducing the new tariff until the resolutions passed in committee of this House, we lost the benefit of the new taxation for a period of nearly four months. On the other hand, the charges for the year were largely increased, by the additional estimate passed before the close of the Session, and to which I have just referred. From a statement I have prepared, and which I will read to the Committee, it will be seen wherein my former estimate of revenue is not likely to be realized, and wherein it will, in all probability, be exceeded. Customs, I expect, will fall short to the extent of £139,807; Duty on Spirits distilled in the

Colony, £1,282; Commission on Money Orders, £348; Fines and Forfeitures, £554; Pilotage, Harbour Dues, and Fees, £282; Tonnage Dues, £1,207. Under these six heads there will likely be a gross decrease as compared with my estimate, of £143,480. The heads under which I expect increases are—Duty on refined sugar and molasses, £2,067; Gold Revenue, £2,653; Mint Receipts, £7,348; Land Revenue, £28,743; Assessment on Sheep, &c., £1,073; Fees under the Registration of Brands Act, £180; Postage, £3,434; Licenses, £1,587; Fees of Office, £2,320; Rents, exclusive of land, £1,107; Stamps, £13,967; Railways, £35,202; Telegraphs, £2,989; Miscellaneous, £9,973,—making a gross increase under fourteen heads of £112,623; this increase deducted from the decrease, produces a net reduction of £30,837. It is satisfactory to find that, with the exception of Customs, every head of revenue of importance shows marked signs of improvement. This must, I think, be admitted as a sure indication of returning prosperity, in which I trust all classes of the community will share. Had the amended tariff come into operation earlier in the year, the difference between my Estimate and the actual amount of Customs receipts would undoubtedly have been much smaller. Before alluding to the account of estimated revenue and expenditure for next year, honorable members may probably expect that I should state what were the Bank Balances of the Government on 30th November last. In Sydney we had to the credit of the Public Account, £44,174 15s. 1d., and to the credit of the Loan Fund, 35 Vic., No. 5, £203,807 11s. 3d.; in London we had, according to the books of the Treasury on that date, £46,200 5s. 6d., in all, £294,182 11s. 10d. If it be supposed that these balances are small, I would remind honorable members that I remitted to London a short time ago the large sum of £350,000, to pay the fifth instalment of short-dated debentures falling due on 31st December next, and the interest on our loans, due 1st January, 1872, which forms a charge on the revenue of next year. There being no balance in London to meet these claims, nor any debentures against which I could draw, I was compelled to purchase bills of exchange here for the amount. I would further remind the Committee that I have paid, up to 31st October last, no less a sum than £269,000 on account of services of 1870 and previous years, in excess of the cash balance available for such services. It may be said that I should have realized on the £334,600 Treasury Bills authorized by Parliament to meet this deficiency. In answer to that, I would simply ask those honorable members who say so, what would be the benefit of borrowing money at 5 per cent. and allowing it to lie in the bank unproductive? At the present moment we have more money in the bank than we get interest on, and quite enough to meet all current demands upon the Government. When that ceases to be the case, which I certainly do not expect to occur this year, then I can realize upon the Treasury Bills authorized by the "Treasury Bills Deficiency Act of 1871." It is well known that a larger proportion of the year's revenue is received in December than in any other month of the year, so that I am perfectly satisfied I have acted wisely, and for the best interests of the country, in delaying the sale of these Treasury Bills until the money is absolutely required, and I am also sure that honorable members will see that the Government have adopted a proper course in this matter. When we got the authority of Parliament for these Treasury Bills, we distinctly stated at the time that they should only be issued as required. I will now refer to the Account of Estimated Revenue and Expenditure for the year 1872, which honorable members will find marked No. 3. There being nothing of a complicated nature in this Statement, I will endeavour to make my remarks with respect to it as brief as possible. It affords me no small satisfaction to be able to inform the Committee that the Government do not intend to propose any new taxation this Session, because it is anticipated that our revenue will be sufficient to meet our estimated expenditure. Since we came into office, our constant aim has been to keep the expenditure of the country within its income, and in this I am glad to say we have up to the present time succeeded; nor has this desire on our part been lost sight of in framing the Estimates for next year. Although these

Estimates are in excess of the appropriations for the present year, it will be found that a large portion of that excess is inevitable. On the credit side of the account it will be observed that I have brought forward my estimated surplus of £24,367 18s. 5d. on the account of this year. The revenue of 1872 is estimated to amount to £2,393,058. Having gone carefully through the various estimates furnished by heads of departments, and having satisfied myself that they are reliable, I have every reason for believing that this Estimate will be fully realized. Should any honorable member however entertain a different opinion, I would invite his attention to the Statement of Details attached. Railways will, I believe, give an increase of at least £45,000. From Customs I anticipate an increase of £32,000, exclusive of the Border Duties, from which we hope to obtain an additional sum of £40,000; and I do not think £52,000 more from land sales, interest on conditional purchases, and from our gold-fields, which are every day becoming more valuable, can be considered unreasonable. These four items alone give an increase of £169,000, which is more than the difference between my Estimates and the revenue of the present year; and it will also be seen that I have not increased my Land Revenue Estimate in anticipation of the passing of the Land Bill, although in that event the receipts under this head would be considerably augmented. The estimated charges against the year 1872 for general services amount to £1,603,150 6s. 8d. Under the Schedules to the "Constitution Act" and supplements a sum of £52,943 5s. 9d. is required, which is slightly under the amount appropriated for the present year. The amount under the head of Special Appropriations is £636,460, or £25,800 in excess of 1871. This additional charge is for interest on debentures, and therefore unavoidable. The total charge against the revenue, exclusive of repayment of loans, is £2,292,553, being £87,540 in excess of 1871, which arises in this way—There is an increase, as already stated, for interest, of £25,800, on the Executive and Legislative Departments, £460, on the Colonial Secretary's Department, £8,852, on Administration of Justice, £2,371, on Lands Departments, £10,833, and on Public Works, £46,348, being a gross increase of £94,664. From this gross increase must be deducted a decrease on the Schedules of £734, on my own Departments of £3,360, and on the Postmaster General's £3,030, in all, £7,124, leaving the net increase mentioned of £87,540. When the Estimates are under consideration I have no doubt my honorable colleagues will be quite able to justify the increases in their respective Estimates. In my own case, I am in the rather enviable position of having an Estimate somewhat less than the present year's appropriations. The last instalment of the deficiency loan of £550,000, under 29 Vic. No. 4, falls due 31st December, 1872. I have therefore charged the account with the sum of £46,700, the balance then payable. In future our surplus revenue should become available for the payment of the Treasury Bills, which for some years past have been annually renewed, although forming part of the deficiency debt. Besides the last instalment of this deficiency loan, there is a charge of £20,000 to meet the amount of the first "drawings" under what is generally known as the "Railway Million Loan," which also becomes due on the same day. It will perhaps be recollected by honorable members that this loan was raised under the authority of the Act 31 Vic., No. 11, which provided for the payment of the interest to 31st December, 1871. But from and after that date, and until the extinction of the loan, £70,000 was to be set apart for the payment of the interest, and towards the reduction and final extinction of the loan itself. £20,000 of the debentures are to be annually drawn for; and as the amount required for interest diminishes, in the same proportion will funds accrue for buying up our own debentures. In this way it is calculated that the loan will be paid off entirely in thirty-five years. The gross total of estimated charges against the revenue of 1872 will therefore amount to £2,359,253 12s. 5d., and the revenue, including the surplus of this year, to £2,417,425, thereby giving an estimated surplus at the end of 1872 of £58,172 6s., which I do not hesitate to say will be more than realized. This surplus should be appropriated only towards the reduction of Treasury Bills then outstanding. I

would here, however, take the opportunity of informing the House, that in consequence of the pay of the police having inadvertently been put down in the Estimates for next year at the rates of 1870 instead of the reduced rates of 1871, the amount required as therein shown for the service of 1872 is £6,072 in excess of what it actually should be. My estimated surplus at the end of 1872 will therefore be increased to a like extent—that is, instead of £58,172 6s., it will with that reduction in the General Estimates be £64,244 6s. There is still another item in this account to which it may be expected I should make some reference—that is, the charge for services authorized to be provided for by loan. As the gross amount for these appears on both sides of the account, the balance is in no way affected thereby. Conceiving that the period has now arrived for extending our railways, and having decided on proceeding with the three lines simultaneously, we have placed the sum of £1,200,000 on the Estimates for these extensions. It is estimated that the average cost per mile will be £7,000. The £1,200,000 includes also £60,000 for extending the line from Kelso to Bathurst. This short extension will be very expensive, in consequence of our having to construct a bridge over the river Macquarie. There is only one other item in this Estimate which I think requires special notice, and that is, the amount required to pay the first instalment of the loan of £300,000, which was authorized by the Act 29 Vic., No. 5. As that Act was virtually a renewal of previous loans for railway and other services, it cannot be expected that the Consolidated Revenue Fund should provide for the redemption of the debentures issued for these so long as any portion of the deficiency debt remains unpaid. Having disposed of the several revenue accounts, and having I trust clearly stated our present financial position, as well as our prospects for the year 1872, I desire to say a few words before I close, respecting the two loan accounts attached to these Ways and Means. The first is what may now be termed the old loans, in contradistinction to the new fund created by the Act 35 Victoria No. 5. This account is made out in the usual manner, the assets being shown on the credit side and the liabilities on the debtor side, On the 31st October last, the balance at its credit was £514,388 2s. 6d, ; but besides this sum, there were certain issues on account of railway stores and advances to the amount of £112,728 16s. 5d. These two items, which together amount to £627,116 18s. 11d., formed the total assets on that date. The liabilities—that is, the unexpended appropriations of Parliament—on 31st October, were £572,746 6s. 2d. If from the assets we deduct the liabilities, there is left an actual surplus of £54,370 12s. 9d. As this surplus has resulted from the sale of the £450,000 debentures issued by the late Government, it may be desirable that I should give some explanation with respect to it. It will, I have no doubt, be in the recollection of many honorable members that the late Treasurer, the honorable member for Orange, submitted a statement of the Loans' Account to the 31st December, 1869, wherein it was shown that there was a deficiency of funds to the extent of £322,709 12s. 6d., caused chiefly by the debentures of former loans having in many instances been sold at a heavy discount. To meet this deficiency, Mr. Samuel transmitted in 1870 debentures to London to the nominal value of £450,000, which realized a net sum of £439,787 7s. 11d., an amount in excess of the deficiency, as then ascertained, to the extent of £117,077 15s. 5d. Several appropriations which had been written off but which have since been found necessary, have been restored,—some by the late Government and some by the present. These I may state to the Committee:—Works of Defence, including balance of vote for heavy guns, £40,727 10s. 7d., for Electric Telegraphs, £11,679 1s. 9d., making together £52,406 12s. 4d. ; which deducted from the amount over-raised, leaves £64,671 3s. 1d. This amount it is proposed to reduce still further, by charging against it the loss on the sale of the debentures in London subsequently to the negotiation of the £450,000 loan. This loss, amounting to £10,300 10s. 4d. will reduce the surplus to £54,370 12s. 9d., the amount shown in the account under review. A declaratory Bill will be submitted this Session, with a view to ratify the whole proceedings, and appropriate the surplus to

any future service which Parliament may authorize to be provided for by loan. In this manner the old loans' account will be satisfactorily adjusted, and soon brought to a close. As will be seen from the statement of particulars respecting the Public Debt, all authorized loans up to the present time have been negotiated, excepting the loan of £334,600 authorized by the Treasury Bills Deficiency Act of 1871. The other loan account to which I would direct the attention of honorable members for a short time is a statement of receipts and expenditure under the loan Act of last Session. Tenders were called for the debentures of this loan on the 1st August, and, on the 15th of August, I accepted offers for the purchase of £117,400. Tenders were subsequently called for the balance, and on the 1st September last I sold the whole, at prices ranging from par to £4 2s. 6d. premium. From the particulars of sale, which are fully detailed in the statement, it will be seen that this issue of debentures was realized at a premium of £524 19s. 6d., which gives an average price of £100 2s. 9½d. per cent. This result of their sale in the Colony cannot fail to be acknowledged a successful operation, the more especially that not one penny of expense was incurred in their negotiation. To prove to the Committee how much more advantageous it was to negotiate this loan in the local market, I will read a statement showing the result of a sale of £407,100 of our debentures in London in March last. The gross proceeds of that loan were £403,321 7s. 6d., which give an average price of £99 1s. 5d. The charges were as follows:—Stamping bonds, £508 17s. 6d., brokerage, £1,003 10s., bank's commission, ½ per cent., £2,035 10s., advertising, £110 12s., telegram, £3 5s., in all, £3,661 14s. 7d.; from which is deducted 8s. 6d. for interest on an overdue instalment. When these charges amounting to £3,661 6s. are deducted, the net proceeds are only £399,660 1s. 6d., giving an average price of only £98 3s. 5½d. As the debentures were, however, sold on credit, the loss of interest to the Government is equal to £1 12s. 1¼d. per cent., leaving the price netted by the Government only £96 11s. 4¼d. per cent. The difference in favour of the sale in this market is therefore £3 11s. 5¼d. per cent.

I may here mention that I have taken the necessary steps for having this local loan quoted in the official list of the London Stock Exchange. Having conformed to all the conditions of that Institution, I feel satisfied my application will not only be favourably considered but complied with. The expenditure on account of services paid from this fund to the 30th ultimo was £171,617 8s. 3d., and the cash balance in the bank of New South Wales, on the same date, was £203,807 11s. 3d. It will be observed that I have brought this account, as well as the Public Debt Statement, up to the 30th November, in order to embrace the whole loan; for although the balance of the loan was negotiated in September, £85,900 of the debentures were not taken up till the 7th of last month. By doing so, I have been enabled to submit more complete statements to the Committee. As it may be expected that on this occasion I should furnish some information respecting the Post Office Savings' Bank, for the establishment of which Parliament passed the necessary measure last Session, I will now read, with the permission of the Committee, a return furnished to me by my honorable colleague the Postmaster General. This document shows the operations of the bank from its opening on the 1st September last to the 30th November:—Number of deposits, 1,593; amount deposited, £10,293 2s. 6d.; number of withdrawals, 103; amount withdrawn, £498 7s. 11d.; number of accounts opened, 862; number closed, 43; number remaining open, 819; balance due to depositors, £9,794 14s. 7d. Considering that this statement embraces a period of only three months, and these the first of its existence, I think we are encouraged to hope that this Institution is likely to become the means of extending and creating provident habits amongst that class of the community for whose benefit it has chiefly been established. On 31st December next our public debt will stand at £10,613,130. In this sum I have not included the £100,000 of short-dated debentures which fall due on that day, as I remitted the money for their payment in September last. Our debt consists of £10,269,930 debentures, and £343,200 Treasury Bills. The debentures have a currency extending from 1872 to

1901, but the Treasury Bills, which have a currency of only one year, fall due on the 9th May next. Of this debt £10,223,230 are on account of public works which were authorized to be provided for by Loan, and £389,900 on account of previous years' deficiencies in the Consolidated Revenue Fund. This deficiency debt is, however, liable to be increased by the £334,600 authorized by the Treasury Bills Deficiency Act of last session, which would bring it up to £724,500, and our debt, as a whole, to £10,947,730. Should Parliament authorize the several loan services included in the Expenditure Estimates for 1872, amounting to £1,461,597, our Authorized Debt would then amount to £12,409,000 in round numbers. As the necessity for consolidating our public debt has so frequently been brought under the notice of the House by former Finance Ministers, I will now only state, with reference to that important question, that it is under the consideration of the Government, and, that should we remain in office throughout the present Session, it is probable a measure will be submitted for carrying this much desired consolidation into effect. I am not aware, Sir, that I have any other matter connected with the Finances of the country to bring under the attention of the Committee at this time. I own that I am peculiarly fortunate in having started this year with a clean sheet, and in closing it, as I hope to do, with a respectable surplus. Next year, as I have already shown, there is every prospect of that surplus being doubled, as the Colony, after many years of floods and droughts and commercial depression, has given signs of returning prosperity, which it is hoped will be of long continuance. It only remains for me to say that, should I have omitted any matter of importance from my statement, I will gladly, when requested, furnish such further information as it may be in my power to give. I have now to move, Mr. Lackey, that towards making good the supply granted to Her Majesty, the sum of £1,784 6s. 8d. be granted out of the Consolidated Revenue Fund of New South Wales.

THE HONORABLE WILLIAM RICHMAN PIDDINGTON.

NEW SOUTH WALES.

Financial Statement of the Honorable William Richman Piddington, made 20th June, 1872.

LEGISLATIVE ASSEMBLY.

20th June, 1872.

FINANCIAL STATEMENT.

Mr. LACKEY: During the long time that I have been a Member of this House I have heard many Financial Statements made by my predecessors in office, and on several occasions I have found that those honorable gentlemen so overloaded their Financial Statements with a multitude of figures in connection with statistics relating to the progress of the Colony, which had no immediate and direct connection with the public finances, but to which I would have no objection at the proper time—for I confess I feel very much interest in all information of a reliable character connected with the statistics of the Colony—that it has been difficult to understand the real question—the true state of the public finances. As this is not however a Statistical Society, but a Committee of Ways and Means with reference to the condition of the public finances, I shall endeavour to confine my Statement to as brief an exposition of these as I can, consistent with justice to the importance of the subject itself. I will therefore make the Statement as concise as I possibly can. And I say this, in order that I may ask the indulgence of honorable members for the necessary period which I may occupy in stating to them the condition in which we found the public finances of the Colony when we took office, and the course which the Government intends to take with reference to the Estimates of Expenditure. I think honorable members will recollect that a speech was delivered by His Excellency the Administrator of the Government which contained statements with regard to the public finances, which, at the time such statements were made, were questioned by several honorable members of this House, among whom was my honorable friend and present colleague, the Vice-President of the Executive Council, and myself. I beg to call the attention of honorable members of the Committee to one or two statements which I find in the speech of the late Administrator of the Government. One of these has reference to the Treasury Bills authorized by Parliament to be issued to cover the deficit of 1870 and previous years; and another paragraph in the speech makes a statement in reference to the condition of the Finances, which both myself and my honorable friend and colleague, the Vice-President of the Executive Council, thought at the time was not justified by the facts of the case. I allude more particularly now to this paragraph:—"On the 23rd day of March last the sum of £229,425 was transmitted to London, to pay the interest on the public debt due on the 1st July next, and other charges required to be met there at the end of June. After such transmission of funds, and after making due provision for the payment of salaries and the other necessary expenditure for the months of February, March, and April, there will remain in the Treasury an estimated balance of nearly £300,000." Now,

I maintain that the inference which must necessarily have followed in the mind of any ordinary reader of this paragraph in the speech of the Administrator of the Government was, that, after the transmission of the remittance to pay the interest on debts owing in London, and after providing for the payment of salaries, and other expenses, for the months of February, March, and April, there was an estimated balance of nearly £300,000 to the credit of the Consolidated Revenue Fund of the Colony. Now I am ready to admit that the speech does not state exactly in words that there would be an estimated balance to the credit of the Consolidated Revenue Fund; but it does expressly state that there would be an estimated balance of nearly £300,000 after these remittances were made, and after all outstanding debts had been provided for. Now, that inference was not warranted by the facts of the case; and I am surprised that the late Government did not express in the speech the exact state of facts as they existed at the time, because at the date to which this statement referred there was not one shilling to the credit of the Consolidated Revenue Fund of the Colony—not one shilling. Then there is another paragraph in the speech which says:—"Returns will be, without delay, laid before Parliament, showing the state of the public finances, and I confidently entertain the hope that, by economy in the expenditure of the public funds, you will be able, not only to avoid the imposition of new burthens upon the people, but to reduce considerably those at present existing." This paragraph of the speech was evidently intended to carry out the idea contained in the previous paragraph; but if there was no actual surplus to the credit of the Consolidated Revenue Fund of the Colony, how was it possible that the existing burthens could be reduced? Yet that was the expression of hope contained in this speech, when, at the time the hope was expressed, there was not one shilling surplus to the credit of the Consolidated Revenue Fund of the Colony. Now, my honorable friend, the Vice-President of the Executive Council—who had more practical experience of the public finances than I could possibly have, having held the office of Treasurer on three several occasions—at once hesitated to believe that the statement in the Governor's speech was really one that could be relied on, and I think, when it was made, that honorable gentleman asked, "What about the liabilities?" but he got no satisfactory answer. I intend to lay before Parliament returns showing the actual state of the public finances at the time when the present Government assumed office. I could have easily supposed that this statement in the speech of his Excellency the Administrator of the Government could not possibly be correct—that there could not possibly be any such sum as £300,000 to the credit of the Consolidated Revenue Fund of the Colony, because there was a document called a "Supplement to the Government Gazette," signed by my honorable predecessor, the member for the Bogan, Mr. Lord, and dated Sydney, 16th April, 1872, which gives an account of the receipts and expenditure for the quarter ending 31st March, and also shows that on the 31st March there was a large deficit in respect to the Consolidated Revenue Fund. Instead of there being a surplus at the credit of the Consolidated Revenue Fund, this "Government Gazette," published on the 16th April, contains statements of debit balances in reference to that particular fund; and these debit balances not only existed in March last, but also in December last. Now, I will read from this document the debit balances on the Consolidated Revenue fund, on the 31st December 1871, and on the 31st March of this year; and honorable members will easily understand that any one who peruses this Gazette would easily see that it was almost financially impossible for the Government to have had £300,000 to the credit of that fund at the end of March; because the statement therein gives a direct contradiction to such an assertion, Now, I find that on the 31st December, 1871, that is at the close of last year, there was a debit balance on the Consolidated Revenue Fund of £366,684 1s. 11d. Well, during the first quarter of this year that debit balance was not much altered, for I find that on the 31st March, 1872, there was still a debit balance on the same fund of £367,364 13s. 11d. It is true that the

Government between the 31st March and the time when they went out of office, sold a large amount of deficiency Treasury Bills, which had the effect of wiping out that deficit. But whilst the deficit of 31st March was wiped out in April by the sale of the deficiency Treasury Bills, they created another deficit on the Consolidated Revenue Fund, by using money derived from loans to pay off the Treasury Bills which fell due on the 9th of May; and therefore the payment of these Treasury Bills, £343,200, on the 9th of May, again placed the Consolidated Revenue Fund in a position of indebtedness.

Mr. LORD: You have omitted to state that in March £229,000 was sent to England.

Mr. PIDDINGTON: I am quite sure my honorable friend will admit that he was obliged to send the money to England—that he could not avoid it.

Mr. LORD: It is nevertheless a fact that it was sent.

Mr. PIDDINGTON: Of course it is. Now I find that when this Government assumed office, the outgoing Government, in pursuance of a laudable custom which had existed for some years, appointed an auditor, and the incoming Government also appointed one, to investigate the public accounts. This audit was made on the 14th of May last, when the present Government assumed office; and under the signature of Mr. Richard Jones, who was auditor on behalf of the honorable member for the Bogan, and that of Mr. Charles Frith, who did me the favour to act on my behalf, the audited statement shows that on the 14th of May there was an overdraft on the Consolidated Revenue Fund of £304,717 19s. 7d. Now, that overdraft arose from the payment of this second batch of Treasury Bills, which had been retired from funds not appropriately belonging to the Government. It had been paid out of money which had been raised by loan for certain public services which had not yet been carried out. Now, with the view of giving the House and the country all the information it was in my power to procure in reference to the state of the finances of the country when the present Government assumed office,—immediately I went into office I consulted with Mr. Thomson of the Treasury and asked him to make out a statement of the liabilities and assets of the Colony. If I differ in opinion with regard to the condition of the finances at that time from an honorable member of this House—and I allude to the honorable member for East Macquarie—I hope it won't be presumed that I have any animus against the late Government; I think I have a right to be considered free from all prejudice against that Government, especially against the honorable and learned member who was at the head of it; for when that gentleman was associated with the honorable member at the head of the present administration, I gave their Government a consistent and cordial support. When these gentlemen relinquished office, and the honorable member for West Sydney was in office, I was associated in opposition with the honorable and learned member for East Macquarie; and when these gentlemen united, I still gave him a warm and encouraging support up to a certain period. During all these years I have never asked from the honorable member any favour for myself or for any one connected with me. I gave him an encouraging support up to the period when I differed from him in reference to the collection of the Border duties. And in respect to them, I am more a Martinite than Sir James Martin himself, for I am a consistent advocate of the policy of Sir James Martin, which policy, from 1867 to 1872 was one of non-collection of these duties; and which policy he did his best to carry out when he took his departure from this Colony to Victoria in September last, with the honorable gentleman my predecessor and the honorable the late Postmaster General. Therefore I deny I am actuated in any way by animus against the late Government. What I desire is, that the real state of the finances should be stated. I have no desire to exaggerate anything, but simply to set down the facts of the case. With this view I have had a statement prepared, signed by the Consulting Accountant to the Treasury, as well as myself, with reference to the liabilities and assets of the Colony on the 14th of May last; and if the messenger will have the kindness to deliver copies of this

Statement to honorable members I will ask them to follow me through it. It is a Statement of the nature of a general Balance Sheet of the Government of New South Wales, showing the liabilities and assets on the 14th of May, 1872; and it is drawn up in a precisely similar manner to any Statement that might be made by a large mercantile firm when they find it necessary to demand an account of their assets and liabilities. Now, I will ask honorable members first to look to the debtor side of the account, that is, to page 2 of this Statement, where we will find the liabilities explained. The first of these is £800, on account of services of the year 1867; the second is £500, on account of services of the year 1868; the third is £1,364 4s., on account of services of the year 1869; then £5,980 14s. 11d., on account of the services of the year 1870; then £43,084 13s., on account of the services of the year 1871; and £315,039 18s. 9d., on account of services of 1872, up to the 14th May; the aggregate amount being £366,769 10s. 1d. Now, in order that there shall be no doubt on the mind of one single member of this Chamber with respect to these liabilities, there is an Appendix to the account, marked A, which is a return of liabilities, being appropriations of or balances of appropriations of Parliament (exclusive of loans), chargeable against the Consolidated Revenue Fund on the 14th May, 1872. That is a list of the detailed items, by which it is shown that there was this sum of £366,769 10s. 1d. as the amount of the outstanding liabilities on the 14th May last. Well, that was the first item, and I think the detailed Statement referred to will show honorable members —and they can peruse it at their leisure —that there was the sum stated of outstanding liabilities on account of certain public services chargeable against the Consolidated Revenue Fund. The second item is a sum of £516,134 18s. 3d. Of this amount, £461,764 5s. 6d. is on account of appropriations for services authorized to be provided for by loan, the details of which will be found in Schedule marked B; and £54,370 12s. 9d., raised in excess of actual requirements, on an issue of debentures under certain Loan Acts to the amount of £450,000, which it is proposed to apply to meet, to a like extent, any future services authorized to be provided for by loan. This is a sum that was raised in excess, under what is generally termed the tailings loan, and it must be quite clear that it cannot be applied to eke out the ordinary revenue; it is therefore taken as a liability. These two sums make up the second item of £516,134 18s. 3d. The third item is a sum of £122,954 5s. 1d. This liability will be found explained in detail under Schedule C, at page 25. There honorable members will see the various outstanding services creating a charge upon the Loan Fund 35 Vic. No. 5. There is a peculiarity in this Loan Act that I devoutly could have wished would have found a place under all previous Loan Acts; for if it had we would have been spared a great deal of anxiety in dealing with money raised for loan purposes. In that Act there is a clause providing that no money raised thereunder shall be appropriated to any other purpose than that for which it had been raised. The fourth item is the sum of £253,884 9s. 9d., being the amount of the balances at the credit of the various accounts of the Trust Fund on the 14th May, 1872, as per statement of details marked D. That statement, at page 26, shows the particular accounts which are denominated Trust Funds. Now, these four items make up a total of liabilities of £1,259,743 3s. 2d. I will now invite honorable members to look at the other side of the account, in order to ascertain what there was to the credit of the Government to meet this liability. Well, the first is an asset of £3,324 9s. 3d. cash balance at the credit of the London account. The second item is £298,102 4s. 8d. at the credit of the public account in the Bank of New South Wales; and the third is an amount of £122,954 5s. 1d. at the credit of that particular loan fund for which I have such an admiration. These three items make up a cash total of £424,380 19s., and in these cash balances is to be found the proceeds of the Treasury Bills issued to defray the deficit of 1870 and previous years. Now, this is all the cash that we have to meet these outstanding liabilities. We have, however, a further asset in the

shape of securities in the Treasury chest, amounting to £51,500. Then we have a third asset (being the loans accounts assets other than cash), railway materials purchased and in stock on the 14th of May, but not finally chargeable to the appropriations of Parliament for the construction and extension of railways, until issued for use, £105,698 10s. 3d., and advances to the Commissioner for Railways, £1,318 5s. 6d.; making together a total of £107,016 15s. 9d. These items added give a total of assets possessed by the country of only £582,897 14s. 9d., as against liabilities amounting to £1,259,743 0s. 2d., leaving an actual deficiency balance at the time we entered office of £676,845 8s. 5d. Now, I would like to ask honorable members of this Committee whether this is a flourishing state of the public finances? Well, if they can find this I hope they will give me the benefit of their ingenuity. One would suppose, from the language of the Governor's speech, that we could at once give up the *ad valorem* duties. I do not believe that any one can quarrel with the accuracy of these accounts, guaranteed as they are by the proper officers, from which we find that, instead of a surplus credit of 1s., there was an actual deficit of £676,845 8s. 5d. Well, I do not mean to say that if the Government had done as I think they ought to have done—taking authority for the renewal of the Treasury Bills which they paid off on the 9th of last month—that the deficit would have been so large. But then they did not renew them; and the consequence is, that by paying these Treasury bills one day they created a deficit the next, and this the honorable member for East Macquarie called "finally disposing of the Treasury Bills." That is the most humorous way of describing the liquidation of the debt I have ever heard. By paying these off last month they have just added so much to the deficit that existed when we assumed office. That is a fact which I challenge any one to dispute.

Mr. STEWART: Did this deficiency accrue within the last twelve months?

Mr. PIDDINGTON: I cannot say exactly how long the deficiency took to accumulate. The Parliament, out of its great liberality, gave the means of extinguishing the deficiency in the public revenue which arose during the administration of the honorable member for West Sydney.

Mr. ROBERTSON: No.

Mr. PIDDINGTON: I think so.

Mr. ROBERTSON: I am sure not.

Mr. PIDDINGTON: When the honorable member relinquished office it was found that a large deficiency had occurred during the time he was in office—a deficiency to the amount of £334,000.

Mr. ROBERTSON: That is not £800,000.

Mr. PIDDINGTON: Don't you attempt to lead me away from the question; I am a very young member of the Government. I again say that the Parliament, in its great liberality, granted £334,000 in Treasury Bills, to cover the deficit arising during the administration of the honorable member opposite.

Mr. ROBERTSON: No.

Mr. LUCAS: That is a positive fact.

Mr. PIDDINGTON: The public records will show it. That issue was intended to cover the deficiency up to the end of 1870. The Treasury Bills issued to cover the deficit more than covered it, and left a small balance of £8,000, so that the Government began with a clean sheet in 1871.

Mr. LORD: Mr. Samuel was in office.

Mr. PIDDINGTON: Don't let us say a word against a gentleman who is not here. I quite admit that the difficulty in which the late Government have placed themselves arises out of their own want of common sense and common discernment, at all events, to the extent of £334,000, because in paying off these bills out of loan funds, and making no proper provision for them, a deficit of £343,200 was created on the 9th of May. So much for the first statement in reference to the financial condition of the colony on the 14th May. Now, I have had another statement compiled, brought down to the 31st May, and honorable members will find that it is compiled in a similar manner as regards the arrangement of the figures. If honorable members will look at pages 2 and 3 of this statement they will find that the figures are varied to a small extent, arising from the difference in time between the 14th and the 31st May. I intend to deal with the actual receipts of revenue to the 31st of May, and the expectations of the Government with regard to the seven

months ending December of this year. I will not wade through the various items. The sum total of our liabilities on the 31st of May of this year was £1,222,409, and of our assets £590,274, leaving a deficiency of £632,134 on that date. From the 14th to 31st May we had a large increase of revenue, which exceeded the appropriations for the same period, and thus reduced the deficit to the amount stated. I will now ask honorable members to open the Estimates of Ways and Means for the present year. On pages 6 and 7 there is an account current showing receipts and expenditure from the 1st January, 1871, to the 31st May, 1872, on account of services of 1870 and previous years, as also the estimated expenditure and receipts to the close of the account. On the debtor side honorable members will see an item of payments made amounting to £347,655 19s. 11d., and on the credit side a cash balance at the credit of the Consolidated Revenue Fund on the 31st December, 1870,—as per the abstracts of the public accounts laid on the table of the Legislative Assembly on the 23rd November, 1871,—of £32,058 15s. 10d. Then follow four other items amounting to £12,789 13s. 6d., and the proceeds of £334,600, Treasury Bills issued in April, 1872, under the authority of the Treasury Bills Deficiency Act of 1871, to cover the estimated deficiency on account of 1870 and previous years, amounting to £348,105 3s. 0d., the whole making a total of £392,953 12s. 4d., and leaving a cash balance on the 31st of May of £45,297 12s. 5d. This balance is subject to further reductions, namely, the amount of votes and balances of votes of 1870, and previous years, still retained as liabilities on the Consolidated Revenue Fund, £8,285 5s. 11d., and the amount of an additional supplementary estimate for 1870 and previous years, £28,559 4s. 1d., making a total of £36,844 10s. 0d. The account thus shows a balance of £8,771 15s. 4d. estimated as likely to become available towards the redemption of the Treasury Bills issued under the Treasury Bills Deficiency Act of 1871, which falls due on the 1st June, 1874. By the operation of these Treasury Bills the deficiency of 1870 and previous years is cleared off and the account closed, excepting this small credit balance of £8,771 15s. 7d., which arises from the sale of these bills. If honorable members will turn to the account No. 2 (Consolidated Revenue Fund) they will find a statement of the revenue and expenditure for the year 1871. This account, in reference to the liabilities, differs very little from the statement submitted by my honorable predecessor in December last. These liabilities, it will be observed, include the fifth instalment of short-dated debentures issued under 29 Victoria, Nos. 4 and 5, due 31st December, 1871, £100,000; the total amounts to £2,308,202 1s. 1d., less £80,000 deducted for services not likely to be required, and £30,000, the amount of the Treasurer's advance vote, which does not ultimately form a charge on the Consolidated Revenue Fund. These two sums, amounting to £110,000, leave the liabilities at £2,198,202 1s. 1d. My honorable friend will recollect that he estimated his savings at £100,000 in 1871; but in consequence of no Appropriation Act having been passed for the early months of this year, that supposed reserve was drawn upon, and there is only the sum of £80,000 left as not likely to be required. There are additional special appropriations amounting to £17,502 10s. 4d., and a supplementary estimate of £23,024 7s. 6d. bring the total liabilities for 1871 up to £2,238,728 18s. 11d. If honorable members will turn to page 11 we will proceed to the receipts of revenue for last year. I find that the receipts for 1871, after making certain small deductions, were £2,218,689 18s., leaving a total estimated deficiency for the year of £20,029 0s. 11d. This is a rather unhappy result. I do not know how long I shall hold office; but I devoutly hope that if I happen to remain in office until the beginning of next year, my calculations will turn out more profitable than the calculations of my honorable predecessor. He estimated in December last that at the end of the year there would be a surplus of £24,367 18s. 5d.; but instead of that, we had this estimated deficit of £20,029 0s. 11d., making a difference between the expectations of my honorable friend and the present estimated deficiency of £44,396 19s. 4d. Of course the deficit on the account of last year will have to be carried over to the present.

There is a deficiency instead of a surplus, and I for one sincerely regret that it should be the case. I have no doubt my honorable predecessor did his best to arrive at a correct conclusion as respects his receipts and expenditure, and I do not make these statements with a view to depreciate the ability of my honorable friend opposite, or to make any reflection upon him. It is a position that every Treasurer must run the risk of being placed in. But, unfortunately for the country, instead of having a cash surplus at the end of last year, there is an estimated deficiency of £20,000.

Mr. LORD: That is from writing off £80,000 instead of £100,000.

Mr. PIDDINGTON: That would not account for £44,000; but the money has been spent. This account was not made by me, but by the officers of the Treasury. It may be observed that I have made a slight alteration in the form of this account, by deducting from the appropriations the estimated amount of savings, instead of as formerly, placing the amount on the credit side as an asset,—a practice which, in my opinion was absurd. It is within my knowledge, and has been ascertained that there was no money representing a credit, and as there is a deficiency there cannot, of course, be a credit. Before I proceed to the Estimates of the present year—I mean the expenditure recited in No. 3 account—I wish to state that we have taken at the present time, practically the Estimates of our predecessors, and for these very simple and obvious reasons,—that six months of the year had nearly expired, that an Appropriation Act was passed by the late Government only last month, covering appropriations from January to June, 1872, and that we had been so short a time in office that it was physically impossible to attempt to make any change this session. We have had no time to do so; we have been compelled to deal with the Estimates at once; and, for the sake of the credit of the country, are compelled to ask the House to go through them as quickly as is consistent with the proper examination of the Appropriation Bill for the expenditure of the whole year. The true position of the country is this: that we are now paying the penalty of the dissolution of Parliament, granted by the Governor at the instance of the honorable and learned member at the head of the late administration, and instead of having these examinations into the correctness and propriety of opposing these Estimates for 1872 entered into thoroughly and carefully last year, in consequence of the dissolution, the public affairs of the Colony have been delayed until the latter part of the month of June before it became possible for the Legislature of the country to deal with the Estimates of this year.

Mr. ROBERTSON: The dissolution did not take place until this year.

Mr. PIDDINGTON: Yes; for the very simple reason that the late Government did not convene the last session of Parliament until the middle of November, when it should have been convened two months earlier, and, even when they were in a minority, the late Government disregarded the address to the Crown, agreed to by a large majority of the previous Parliament, which expressly recited the very evils anticipated, and which are proved to exist at the present time.

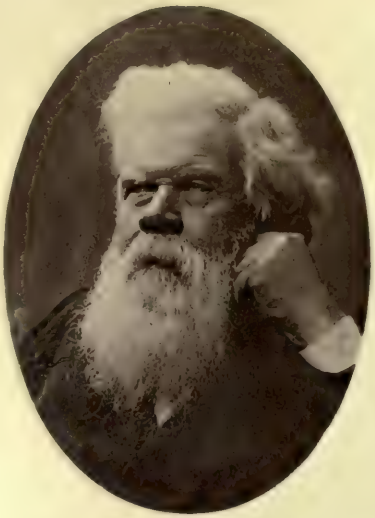
Mr. LORD: What have we to do with that?

Mr. PIDDINGTON: The address was disregarded, and the Governor was persuaded to grant a dissolution, which, together with the delay in convening Parliament, are the only true and plain reasons for accounting for the present state of public affairs, but more especially for the unfortunate circumstance that the House it almost practically deprived of the power of dealing with the Estimates in a way that might be desired, because six months' supply have been granted. Although we shall have to go through the Estimates in detail, we cannot get rid of the fact that six months have been already appropriated by Parliament. Therefore the present Government have found it utterly impossible to make any change in the Estimates; but should we have the privilege of holding the position we now occupy, and administering the Government of the country for some time longer, we intend to take the earliest opportunity of making such changes in the public establishments, and of carrying out such reorganization in the various departments as shall

have the effect of giving increased efficiency to the Public Service, besides securing that efficiency with economical administration of the entire expenditure of the country. We intend to do that as early as it is possible to do it. I now beg to invite the attention of hon. members to the debtor side of the account No. 3. We shall find there the deficiency of £20,029 0s. 11d. brought over from last year. There is charged the sum of £2,353,588 12s. 5d., as shown in the Estimates-in-Chief for the service of the year 1872. Now, that is an amount somewhat in advance of the estimate of my predecessor (Mr. Lord). I find that his estimate of expenditure amounted to £2,292,553 12s. 5d.; but our estimate exceeds his by the sum of £61,000, and that I will explain to hon. members shortly by reading the detailed account of the increased expenditure in the different Public Departments. In addition to this sum of £2,353,588 12s. 5d., there are two instalments of loans which have been made payable from revenue as they become due, namely, short-dated debentures, £46,700, and the portion of the million loan falling due on the 31st of December next, £20,000. These sums give a total charge of £2,440,317 13s. 4d. The next liability is £343,200 of Treasury Bills issued under the 34 Vic., No. 18, which fell due on the 9th May last. And hon. members will see from the other side of the account that it is my intention to ask the authority of Parliament for the re-issue of these Treasury Bills, which I think the late Government would have been wise in doing during the early part of last Session. The next item is a charge for public works, £485,713 7s. 3d. These charges together make a grand total of £3,269,231 0s. 7d. On the credit side of the account it will be found that the actual receipts of revenue for 1872, from January to the 31st May, was £934,967, and that the estimated revenue from the 1st June to the 31st December is £1,519,898, making in the whole £2,454,865, from which has to be deducted a small amount received this year on account of Murray River Customs, 1871, of £4,010 16s. 6d., leaving a net amount for actual and estimated revenue of £2,450,854 3s. 6d. Of course I have taken credit in this account for a fresh issue of Treasury Bills to the amount of £343,200, which I hope Parliament will authorize, in order that the money which was temporarily withdrawn from other sources for the payment of the last issue, may be replaced. The bill for this renewal might be so drawn as to give the Government authority to issue twelve months' bills at any date that the exigencies of the Public Service might require; so that if Parliament does not agree to renew the bills it does not follow as a matter of necessity that the whole amount should be issued at once. The third item of credit is £485,713 7s. 3d., the amount proposed to be raised by loan for public works and repayment of debentures falling due during the latter end of this year and the beginning of next. Well, these three items on the credit side make a total of £3,279,767 10s. 9d., leaving an estimated surplus on the 31st December, 1872, of £10,536 10s. 2d. Now, I will give some information with regard to the principal items of increase in the Expenditure Estimates of the present Government, as compared with those of my hon. friend (Mr. Lord). Some of these items were intended for the Supplementary Estimates of this year of my predecessor; but in consequence of the Estimates-in-Chief not having been passed at the usual time, they have now been embodied in those submitted by this Government, and in that respect there is a difference in the two sets of Estimates. Here are the items of estimated increase drawn up by the Consulting Accountant:—Volunteers, some slight additions, £401; prisons, chiefly for additional warders, £1,229. Auditor-General's Department, extra clerical assistance, £300; Registrar-General's Department, an extra draftsman and a junior clerk (I believe indispensable), £300; grants in aid of public institutions, £595; miscellaneous services, election expenses chiefly, £5,802; Administration of Justice, £2,434, consisting chiefly of Mrs. Fogg's confiscated property, £1,445; half-salary to Judge Francis on leave of absence, £500; law expenses in cases of appeal to the Privy Council, £312. In my own department there is an increase of £1,379, caused chiefly by additional Customs Officers required on the Murray, and

appointments in connection with the Marine Board, all of which were authorized by our predecessors. In the Secretary for Lands' Department there is a gross increase of £23,041, which arises principally from an additional sum required for fees to licensed surveyors, namely, £21,000; an increase in the expenditure for the management of the gold-fields, of £1,241; and half-cost of survey of boundary-line between New South Wales and South Australia, £1,526. In the Secretary for Works' Department the following increases occur:—Harbours and river navigation, new tug for dredge "Hercules," £2,000; stores, repairs, &c., £500; additional punts for dredge "Vulcan," £2,500; and several public works of great importance under this department to the amount of £7,583—total, £12,583. Under the head Public Works and Buildings, Colonial Architect's Department, there is an increase of £8,885, chiefly for the erection of buildings in the interior of a very urgent character, and some proposed alterations in the Parliamentary Buildings. Under the head of Roads and Bridges, there is an increase of £10,000, £6,000 of which is for the formation of a road from Bathurst to Tambaroora, and the balance for roads and bridges of equal importance. In the Postmaster-General's Department there is an additional amount required for mail guards of £392, and for country postmasters, £250; and in the Telegraph Department, for additional officials, consequent on the large increase of business, £583. These together amount to £1,225; making in all an increase of £68,174, from which a reduction in the Police estimate to the amount of £5,771 has to be deducted—leaving £62,405, which with some other reductions would bring the amount down to what I stated as the gross increase. Now I think I have shown clearly that these additions to our Estimates arise chiefly from public works that are works of necessity. I shall now read to the House the items of increased revenue, which I have estimated at £215,964. This large increase is expected to be derived from these different items. Before I proceed further, however, I wish to correct two mistakes in the printed copies of the Estimates laid before the House. The first is in regard to a year's half-salary to Judge Francis of £500. This is a matter merely under the consideration of the Cabinet, and no determination has been arrived at with regard to it. The second is with reference to a sum of £6,000 for a road inaccurately described. The road is from Bathurst to Hill End and Tambaroora. I shall proceed now to state the various items under which the increase in the Revenue of £215,964 previously stated may be expected. The first of these is Customs, and the increase as shown amounts to £82,656; next, duty on spirits distilled in the Colony, £1,198; gold revenue, £2,905; land revenue, £99,400; contributions under the Sheep Disease Prevention Act of 1866, £171; postage, £6,927; money orders commission, £379; licenses, £385; fines and forfeitures, £493; rents, exclusive of land, £8,362; stamps, £2,334; railway receipts, £36,574; electric telegraph receipts, £3,978; pilotage rates, harbour dues, and fees, £2,150; tonnage dues, £385, showing a total increase of £248,297. But then there were certain items upon which there would be a decrease; the duty on refined sugar and molasses, £4,197; Mint receipts, £857; contributions under Cattle Disease Prevention Act of 1866 (arrears), £27; fees under the Registration of Brands Act, £2; fees of office, £230; miscellaneous, £27,020. These amount in the whole to £32,333, and being deducted from the former amount, leaves a net increase of £215,964. I propose to invite the authority of Parliament, as already stated, to the issue of Treasury Bills at a currency of twelve months from the date of issue; and if Parliament gives this authority, the deficit we found when we took office will be diminished by the sum of £343,200, and the balance of that deficit we expect will be rapidly liquidated by the increased revenue arising during the remaining months of the year. If the Treasury Bills are issued and the revenue increase at the rate we hope it will, I expect to have a small surplus of £10,532 0s. 2d. at the end of the year. That would practically cover the deficit of 14th May. If it be not done there will of course be a deficit of a large amount. One reason for the strong necessity for our issuing these bills arises from the fact that the Treasurer

will have to remit to London, in the month of September, about £317,000, to pay interest and debentures falling due at the end of the year, and which must be remitted to maintain the public credit. With respect to the propsed loan of £540,000, £200,000 of it is required to meet the debentures which will fall due next year on account of various public works. It is not only the practice of Parliament, but an inevitable necessity, that these debts should be renewed by the issue of fresh debentures. In the Estimates of expenditure it will be perceived that we have omitted the loan proposed by our predecessors for railway extensions. We have not placed the amount on the Estimates, because we are aware that there is a very great difference among honorable members as to how the railway works are to be carried out in the future. We all know that the honorable member for the Murrumbidgee, for instance, is an advocate for the extension of railways at a very low expenditure, and also for decreasing the gauge. We have therefore thought it better to omit this item altogether, in order that we may have further consideration as to the character of future railway extension. The public debt on 31st May last, as shown by the statement attached to Ways and Means, amounted to £10,606,030 composed of—debentures, £10,271,413; Treasury Bills, £334,600. Of this debt, £10,221,330 was for railways and other public works and services, and £384,700 for deficiencies in the revenue. Besides this deficiency debt there is the loan which will require to be raised to make good the money withdrawn from the loans account to pay off the £343,200 of Treasury Bills that came to maturity on the 9th May last. That will make the deficiency debt £727,900, and increase the public debt as a whole to the sum of £10,949,230, of which, however, I propose to pay off finally, on 31st December next, £66,700. If honorable members refer to the Ways and Means, page 23, they will see that the cash credit on the loans account, on 31st May, 1872, was £339,591 7s. 3d. On page 31, under the special loan account, there is an entry—"By cash balance at the credit of this fund in the Bank of New South Wales, on 31st May, 1872, £120,170 5s. 9d." In the latter account it is the exact amount of outstanding liabilities under the Loan Act, 35 Vic., No. 5; but in the former it is only a book credit of the account. In the one case we have the money; in the other we have not. At the end of Ways and Means, page 39, there is a statement of credit balances on the old loans account of £399,591 7s. 3d.; trust fund, £250,758 6s. 10d.; loan fund, £120,170 5s. 9d.; making a total of cash liabilities of £770,519 19s. 10d. on the 31st May. We had cash on that day, £431,757 19s. 2d., and securities in the Treasury chest, £51,500, to meet these liabilities with. But then there was an overdraft on the Consolidated Revenue Fund of £287,262 0s. 8d. on same date. This concludes my reference to the various accounts of revenue and expenditure, as exhibited by these ways and means. Now that I have come to the conclusion of my statement, I hope that whatever I have stated, however imperfectly I may have acquitted myself, was couched in such terms as to admit of no misunderstanding with regard to the facts of the case. As I stated at the commencement, my only object was to disclose to the House and the country the true state of our public finances. They are not in so disastrous a condition but that we may hope at the end of the year, supposing these Treasury Bills are issued, to wipe out this deficiency and save the credit of the country. Any delay, however, in remitting the money to meet the claims of the public creditor in England, would be attended with the greatest danger to the credit and interests of the Colony. If it be desired by honorable members, I am quite ready to move that the Chairman leave the chair, report progress, and ask leave to sit again on Wednesday next.



THE HONORABLE HENRY PARKES.

(NOW THE HONORABLE SIR HENRY PARKES, K.C.M.G.)

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE HENRY PARKES, made 21st November, 1872.

LEGISLATIVE ASSEMBLY.

21st November, 1872.

FINANCIAL STATEMENT.

MR. DRIVER: I may be excused in saying that I rise to address you with very great diffidence, and a strong feeling of embarrassment. I am fully aware that I have undertaken a task for which neither my habits of thought nor my public life have in any way fitted me; and I am still further embarrassed by the unhappy occasion which renders it necessary for me to take this step. I, however, hope that on this occasion I shall receive some indulgence from honorable members, in endeavouring to perform a duty which, under the circumstances, has devolved upon me, and from which I could scarcely release myself. It is my duty to make a statement which at all times is received with much interest, and which in our Country has generally had a special interest attached to it, from the talents and character of the gentleman who has made it. I shall have to perform this duty without any of these advantages; but I shall do my best to deal in a fair and simple manner with the Public Account of the Country, and the policy which the Government intends, if it is able, to carry out. It will be best for me to start from where my immediate predecessor in the performance of this duty started, that is, from 1st January, 1871, when the honorable member opposite to me may be said to have commenced his financial career with a clean sheet. At that time there was a total deficiency of £334,600, and the honorable member obtained the authority of Parliament for an issue of Treasury Bills to cover this deficiency, so that he started from a plain point of departure. I find from a reference to the honorable member's Ways and Means at the time that he estimated that he should have at the close of the year a surplus of £24,367 18s. 5d. When the honorable member for the Hawkesbury—the late Treasurer—made his statement a few months ago, he estimated that this surplus of the honorable member for the Bogan would be converted into a deficit of £20,029 0s. 11d.; and I find, now that we have approached more into the reality of things, and can speak of what has occurred more in the light of fact, that this estimated deficiency of Mr. Piddington is reduced to a deficiency of £14,057 1s. 8d. at the close of 1871. It is due to the honorable member for the Bogan to say, that even now there may be savings which to some extent may reduce this deficit, but not to any great extent, Well, then, starting with this deficiency for the present year of £14,057 1s. 8d., we find that notwithstanding very large payments have been made during this year—payments altogether of an exceptional character, such as never occurred in any one year before—we shall have an estimated surplus on the 31st of next month of £87,887 7s. 4d. The greater part of the year 1872 having elapsed, it is not so difficult to form an approximate estimate of the revenue for the year. Well, the estimated increase of revenue

this year over that of last year is about £555,400. The Government has paid off deficiency loans which fell due on the 9th May, 1872, to the extent of £343,300; and it has provided a further sum of £30,182 8s. 7d.—making a total of a little over £373,000. Notwithstanding this very large payment in the reduction of the public debt, we shall have at the end of the year an estimated surplus of £87,887 7s. 4d. And I think I am in a position to state that this estimated surplus will be fully realized. After a close examination of the calculation upon which it is based, with the assistance which I could obtain in the different offices, and with the instructive lesson of what has actually taken place during the greater part of the year, there can be no doubt but what that surplus will be fully realized. As the estimates of Ways and Means have been placed in the hands of honorable members, I do not know that it is desirable to dwell any further at this stage upon particular items of that account; and I come at once to the Estimates for the year 1873. Now, the Estimates-in-chief for General Services amount to £2,667,847 11s. 5d. The proposed loans amount to £1,562,000. The estimated surplus on the credit side of the account is, as I have already stated, £87,887 7s. 4d. The estimated revenue for the year 1873 is £2,714,289. Adding the amount of contemplated loans, £1,562,000, we have a total of £4,364,176 7s. 4d. on the credit side of the account. The debtor side of the account is balanced by an estimated surplus, on the 31st December, 1873, of £194,327 15s. 11d. Notwithstanding that the interest upon the proposed loans is provided for—notwithstanding that the loans embrace works of very considerable extent, still we believe that at the end of next year we shall have a surplus little short of £200,000. Now, I have been very careful with the assistance of the officers of the Lands Department and the officers of other departments, and with the help of the gentlemen of the Treasury, not to over-estimate the revenue of next year; and I have myself, after consultation with those officers, made a very large reduction upon the estimates sent in to the Treasury. It appeared to me very desirable that we should understate our financial prospects rather than overstate them; and in order that the estimated surplus of next year may be fully realized, I took upon myself, in consultation with the officers best qualified to afford the information, to reduce the estimates of revenue sent in to the Treasury by a very large sum indeed—something over £70,000, I have therefore every reason to think that the estimate which has been submitted will be realized. This is certainly an evidence of great prosperity. And whatever differences of opinion may exist amongst us, I think we shall all unite in a feeling of gratification that the Colony is in so prosperous a state. I certainly do not attribute this prosperity to the present Government, nor to any former Administration It has grown out of circumstances which have given a new impulse to the industries of the Country, which have imparted fresh life and vigour to every industrial calling, and which has directed enterprise into new channels, which has been very fruitful of results so far as they can be seen. In order that there shall be no kind of mistake about this increasing prosperity being the fruit of circumstances beyond and altogether apart from the Legislation of the Colony, I had a statement made out showing the various branches of revenue upon which the increases have occurred; and I find that no less than £160,000 is the amount of increase on the item of land sales alone. The increase of revenue in the Lands Department amounts to £346,500. This shows that, however meritorious the action of the late administration may have been, and however courageous in endeavouring to increase the revenue of the country by new taxation, it is not any measure of theirs which has produced this large amount of additional revenue. But in order that this matter might be placed beyond any possibility of doubt, I have caused a return to be made showing the exact fruit of the Tariff Bill, which was carried into law last year, under the late Treasurer, the member for The Bogan. I had a return carefully prepared, under the authority of the Collector of Customs, showing the whole of the commodities on which that tariff acted, even in changing the duty from one class to another, and imposing new duties, and in remitting

duties, and I find that for the first twelve months after the Act—the Tariff Act of 1871—came into operation the exact amount produced by it was £60,820 4s. 7d. I have had this table prepared because it gives us, on an authority that cannot be questioned, the important fact that our financial prosperity does not in any material degree proceed from the legislation of last year.

MR. LORD: You have not stated the increase on the Customs of 1872.

MR. PARKES: I did not state it, but I will state it now. The increase of revenue from the Customs this year has been £121,400, but of that increase only £60,000 is the profit of the Tariff Act of last year. The increase of the Customs Revenue is easily accounted for. In every country in the world where free institutions exist the Customs Revenue rises and falls in the exact ratio of the depressed or prosperous state of the industrial interests of the country. The class which consumes the most dutiable articles is the class which forms the basis of society; and in time of depression they have to pinch themselves in various ways, and do not consume anything like the amount of dutiable goods—often not half the amount, sometimes not one-third — which they consume in a normal state of prosperity. It has now become a maxim in treating questions of this kind,—that the Customs Revenue is raised just in proportion to the general prosperity of the mass of the people. By the statement which I have had prepared, it is proved to demonstration that the increase of our Customs Revenue, to the extent of £60,820 4s. 7d., is due to the alteration of the tariff that took place last year; and the balance of the increase is due to the increased prosperity of those who consume dutiable articles. In the Estimates of Expenditure which have been laid before the House the Government has considered it its duty to restore the salaries of the Civil Servants to the rates which existed prior to the reductions which took place in the year 1871. If there was no other reason for this course there would be a sufficient reason found in the increased price of nearly all the articles of consumption, and in the greater demand which prevails everywhere for valuable services, either of a skilled or unskilled kind. In fact, the rise of prices, and the attendant advance in the remuneration of services of every description, have rendered it difficult in some cases to obtain persons with competent qualifications, whereas two years or eighteen months ago such persons were almost too numerous in the Colony. In considering the Estimates the Government was not unmindful of the great desire that is felt for a reconstruction of the Civil Service, and much consideration has been given to the subject. In one or two departments there has been something done in that direction. For example, in the police. The police have been put upon an entirely new footing, all persons entering the service for the first time will enter as probationers, at 5s. per day; and they will only obtain rank as efficient policemen upon their own merit, and receive the rate of pay established in the Colony for some years. Something of the same kind has been done in the department under my honorable friend the Secretary for Public Works. But this question of the reconstruction of the Civil Service was felt to be altogether too large and weighty to be dealt with in the time which the Government had at its disposal apart from its other duties. In the Estimates of Expenditure there are a very few increases, and those increases have been consented to with much reluctance, and in all cases on one or other of these principles: when the person was an old and efficient public servant, who had large interests of the public under his direction, and who was considered to be underpaid, taking into account the position he held, the duties he had to perform, and the qualifications he had proved himself to be possessed of for the performance of those duties; and in cases where boys had entered the service as cadets at a very low salary, and had made themselves much more efficient after a period of service, and who are also growing to age and manhood, and who appeared to be entitled on their own merits to an increase of their low salaries. The increases have been confined to those two classes of servants. The Government has submitted a Loan Estimate, which they have thought it expedient to separate from the General Estimates. We have submitted a Loan Estimate amounting altogether to £1,562,000. We

propose, in furtherance of a scheme not sufficiently matured to be put upon the Estimate Paper, to ask Parliament to sanction the construction of four separate lines of railway. First, the Great Southern line from Goulburn right through to the Murrumbidgee. We believe that this is a measure calculated greatly to enhance the public interests. In the outlying districts of the Murray we have much valuable territory, and a large proportion of the population; but, from circumstances which are to a large extent beyond Parliamentary control, a considerable difficulty has arisen, and a state of circumstances has been called into existence, which, without indulging in any narrow feeling of jealousy of our neighbours, we cannot but regret. That a large portion of the population of this Colony, enjoying all the advantages of this Government, whose letters are carried through our post office, who enjoy large tracts of our lands at very moderate rates, have not their social and commercial interests connected with the Colony in which their industrial operations are carried on, is a state of circumstances which we must all regret. One mode of correcting these evils is to afford our southern colonists, in the most speedy and economical way, the means of rapid communication with the capital of the Colony in which they reside. Another railway extension is that of the Western line from Bathurst to Orange. I need not tell honorable members that that railway, which has been carried at such great expense and over such great obstacles across the Blue Mountains, would be comparatively useless, and would fall short of the objects for which it was constructed, if it did not proceed further and pierce the rich and productive country for which it is destined. The country is of the most fertile and valuable description, and the whole Western District is universally rich in its natural productions. It seems to me that no more desirable work could be contemplated than pushing this railway into the Western interior the distance we propose. The same observations apply to the extension from Murrurundi to Tamworth. It is by these extensions that we may justly hope to render these railways, constructed at such a great cost, serviceable to the country. But besides these lines, the Government intend to ask Parliament to sanction a new line of railway. We look with apprehension to a state of things similar to that existing on our Southern borders arising on the border of Queensland. We have there many tracts of rich country—perhaps none richer in the world; we have large mineral deposits in the Northern Districts, including the valuable tin mines just discovered; and it appears to us in the highest degree politic and wise to open up the navigable river Clarence to the tableland of New England and the mineral lands of our Northern borders. Already we have had a foretaste of border difficulty in that direction; we have had little disputes and disagreeable consequences arising out of those disputes. Any one knowing the character of the Queensland territory, and the far country on this side of the border, will see that great evils will result if remedial means are not adopted. The Government of Queensland has a railway, with a terminus at Warwick, thirty miles from the border of New South Wales. At present it only starts from Ipswich, which is about twenty miles from Brisbane by land, and fifty by water. To enable the mercantile men of Brisbane to avail themselves of this railway they must travel the distance I have just mentioned; and from Warwick to our Colony they must travel thirty miles. This places Brisbane at a great disadvantage, for there are many difficulties which the Colony of Queensland must overcome before imported merchandise can arrive in Brisbane. The great part of the cargoes conveyed there have to be brought fifteen miles in lighters. It is therefore quite clear that Sydney ought to supply not only our inhabitants but those in the Southern parts of Queensland. The best plan for securing these advantages is to connect the Clarence River and the tableland of New England with our Northern borders, which will bring us into communication with all that rich tableland, and with the population on both sides of the border. We therefore intend to ask Parliament to sanction this line of railway, which is independent of the lines already in existence. The railway in Queensland is upon a gauge of 3 feet 6 inches; and it is the only railway in the Australian Colonies on this reduced scale.

If there is any situation in which this Government would be justified in trying a narrower gauge it is this; and taking into consideration the desirability of communicating with the Queensland railway so as to connect us with Brisbane, it is the intention of the Government to try this narrow gauge. It is to be hoped that, consistently with durability and safety, a railway may be constructed at a low cost, notwithstanding that there are many natural obstacles which must be overcome by engineering enterprise. The Government have taken into account the circumstance that only a part of the loans required can be expended each year. The loan, therefore, will be no greater than will be required to cover the expenditure in 1873. They are justified in this course in consequence of the uncertain state of the English money market at the present moment. We have made up our minds that everything shall be done that can possibly be done to carry out the whole of the lines expeditiously. We have made up our minds that it is an unjustifiable policy to finish bit by bit; and we purpose if possible to have contracts taken from one end to another, so as to go on with the construction of the whole line. We are aware that there are difficulties in the way. We have, however, consulted with the officers who are the proper persons to advise us, and we learn from them that we may fairly expect to have the railway opened to Wagga Wagga in three years, and Orange and Tamworth in two years; to the highest point of the Clarence and the most convenient point of the tableland in New England, in two and a half years. Passing to another subject: On this loan estimate we ask £50,000 for the purpose of emigration; and we calculate that if this vote is acceded to the requisite number of that class of labourers employed on railways will be readily obtained within the time when the works will be in a condition to be proceeded with. The great difficulty is the almost certain want of the requisite labour. In the importation of these men we shall receive a very valuable class of colonists. I shall for a short time advert to some other items of the Loan Estimate, one of which is likely to be received with some differences of opinion, because it involves a large amount of expense, and because some honorable members may think the proposal premature—I mean the proposal to expend £50,000 upon the construction of bridges across the Parramatta River. For some very considerable time it has been urged, and Parliament on one occasion assented to it, that it would be expedient to resume the large tract of land known as Field of Mars, which, if these bridges were constructed, would become a favourite suburb. It contains something over six thousand acres. If a good road were established from Sydney by each crossing-place where it is proposed to erect these bridges, it would bring a very extensive tract of country, which is now almost walled out of view as far as Sydney is concerned, into request; and there would be suburban residences erected upon it. It is one of the most beautiful parts of the County of Cumberland, and it would be one of the most populous suburbs about Sydney. If this work were done the land would become extremely valuable. This sum is placed on the Estimates to carry out this great work, which will add an entirely new and certainly a most splendid suburb to the metropolis, and that of itself is a very large consideration. There is a sum of £10,000 for the erection of a lighthouse on the Seal Rocks, a work which has been recommended by the Report of a Select Committee to Parliament, and which I believe everyone who has any knowledge of the northern coast will admit is urgently required, to prevent shipwrecks and serious danger. There is also a sum towards providing new Public Offices. This is a work which has been talked of for a long time, and which is really required, for the Government has continually to rent private buildings in which to carry on the business of the country. Considering the undesirability of taking this course, and the advantage which would arise from concentrating the Public Offices, this is a work which I think will commend itself to the approval of Parliament. There is also a sum of £15,000 for the Defences of the Harbour; and I may mention that this sum is asked for simply to carry existing contracts to a point where the works may be left without injury, and at which they may be resumed at some future time if necessary. We are all of opinion that there is no

rational ground for anticipating any interference with the security of this country at the present time, when the world is in a state of profound peace, and there are no indications of any rupture likely to affect the outlying Colonies. I can scarcely conceive of any collision between England and any Foreign Power excepting the United States—which I trust will never arise—which would be likely to affect these Colonies. At all events we think that there are numbers of Public Works which much more require attention than these fortifications. We think also that we ought to have the opinion of some much higher engineering authority than any we have yet had. As to the scheme of defence which has been originated,—considering the great interests at stake in any scheme of defence, independently of, and in addition to, the cost of construction, and that the works should be found effective for the purposes for which they have been constructed, we ought to have the opinion of the highest authority that could be obtained as to the soundness and thorough correctness of the principles of this system of defence. In speaking of Railway Lines, I forgot to notice that there is a sum of £10,000 for trial surveys, which of course are necessary in the prosecution of the works which are contemplated. I may also point out that in the scheme which the Government have adopted they have taken into consideration the advisability of connecting Mudgee and the rich gold fields of the north-west of the Colony with the Western line of Railway.

MR. ROBERTSON: Then that makes five lines.

MR. PARKES: We have not yet arrived at that stage at which we consider it justifiable to submit the proposal to Parliament; but we have directed surveys to be made, and have taken the necessary steps to enable us to decide upon the expediency of the work. We have also considered the expediency of a line from Bathurst to Hill End and Tambaroora. I simply mention the circumstance as forming part of the general scheme of railway construction to which the Government have given its attention, and without pretending to state anything definite at this period on these points. The Estimates of revenue which I have submitted to the Committee, which brings out a surplus at the end of next year of nearly £200,000, are framed on the existing provisions made for the different departments of the Government; but if a new Department of Mines is established there would be some cause of disturbance with these Estimates of Revenue. If Parliament sanctions the creation of that department the necessary staff at the commencement would be about £13,400; but there would be a reduction of that amount by the sum now required in the administration of the gold fields, under the department of the Secretary for Lands, of £6,578, leaving the net increase of expenditure on account of the new department £6,882. Then the Government propose to ask the House to abolish the tonnage dues now exceptionally imposed at Newcastle, Wollongong, and Kiama. The tonnage dues are levied at these three places only. They were levied in the first instance for purposes of local improvement; but it is thought that the time has come when these particular places should not be subjected to any law or impost which does not obtain in the other Ports of the Colony. The estimated amount of these dues is £7,175; and these two amounts would reduce the surplus at the end of next year by the sum of £14,000.

MR. ROBERTSON: Will the department involve a new Minister?

MR. PARKES: Yes; that is proposed. I should like to say a few words in addition to what I have said, as to the outline of policy which will be pursued by the Government if they are privileged to retain their present positions. If our Estimates are fully borne out by experience, we shall seek next year, in the next Session of Parliament, to give our attention in the most effective manner to the question of taxation, with a view to the amelioration of the existing system, and the lightening of the public burdens. We think it would be premature, at this stage, to make any promise, or to submit any project; but if the experience of the next few months should justify our calculations, as we firmly believe they will, we shall consider it our bounden duty, at a very early period, to consider the question which has been often raised in regard to the *ad valorem*

duties now imposed on the imports of the Colony. I need not say more than that in any efforts of this kind our object will be to simplify the system of taxation, to release as many commodities as can be released from the interference of the Customs, and to raise revenue upon as few commodities as possible. That would be the general principle by which we should be guided if we were privileged to make any attempt in this direction. At the same time we should not think it an advisable thing to disturb our estimated balance of revenue in this direction; and while on the other hand we sought to ameliorate the system of taxation, we would, on the other, bear in mind the necessity for carrying out improvements, so as to make the country more accessible to new population, and to assist the development of its great and varied resources. We should endeavour to provide for the expenditure of any surplus that might arise in these two directions. When dwelling upon the Estimates, I ought to have pointed out that we have in accordance with a resolution of this House, and certainly in accordance with my own views, not provided for a portion of the Permanent Military Force—the Infantry—upon the Estimates. This will effect a saving of £10,000; but at the same time we have increased the grant for the purposes of instruction by the sum of £10,000. We think that this £10,000 will be more wisely expended in extending the blessings of education throughout the Colony than in maintaining this Force of a few score men, especially when there is no prospect of these men being required, and when their existence must in an eminent degree tend to depress and render inefficient the Volunteer Force of the country. I have now, to the best of my ability, endeavoured to perform the duty which has devolved upon me, and to do it in the briefest and plainest manner of which I am capable.

THE HONORABLE GEORGE ALFRED LLOYD.

NEW SOUTH WALES.

The Financial Statement of the Honorable George Alfred Lloyd, made 16th October, 1873.

LEGISLATIVE ASSEMBLY.

16th October, 1873.

FINANCIAL STATEMENT.

Mr. DRIVER: I beg to move "That to make good the Supply granted to Her Majesty for the service of the year 1871, there be granted out of the Consolidated Revenue Fund of New South Wales, the sum of £29 6s. 3d., for travelling expenses to Police Magistrates, &c., further sum." The Financial Statement of a country's affairs is a matter of so much importance, that it is always looked forward to with considerable interest, both by the Parliament and the people. Under these circumstances, I may well be pardoned if I feel a little anxious lest the statement I am about to make should not be as clear as I could wish, or as distinct as honorable members might desire. I feel, however, that I may rely with confidence on obtaining that forbearance which is always given in an assembly of gentlemen to one who, like myself, is for the first time making a Budget Speech as finance minister. Figures, I know, are not generally very attractive, and I shall therefore be at some pains to exclude from the statement such figures and details as are not essential to a proper understanding of the subject. I may say at the outset, that it is a source of great satisfaction to the Government that, in common with other countries, the Colony has for a considerable period enjoyed an amount of uninterrupted prosperity which could hardly have been anticipated, and I have pleasure in congratulating the House upon the fact that the prosperity of the people is represented by an almost unexampled increase in the public revenue. Our pastoral, agricultural, mining, and commercial interests have all thriven to an extent beyond the sanguine expectations of most men. Some individuals, it is true, may be suffering from losses incurred by imprudent investments in mining operations, yet, on the whole, I think the Colony has benefited by the excitement which existed last year in this direction. We all know that wealth must be obtained from the earth, and as yet we can form no adequate idea of the extent and value of the mineral deposits of this colony. Men of large means who, a few years ago, would as soon have thought of throwing their money into the sea as of investing it in such operations, were induced by the rich discoveries made at Hill End and other gold fields to put a portion of their capital into mining enterprises, and the undertakings in which they are engaged will I have no doubt eventually command success. The fever of mining speculation raged high, but the crisis is over; and, although there has been a great reaction in regard to investments in gold, tin, and copper companies, yet we have abundant evidence that these minerals are richly deposited over large areas of the Colony, and will still yield a handsome reward to persevering industry. The seasons have been most propitious for our agricultural and pastoral pursuits. During the last year the produce of the soil was

considerably more than during the year before; and our imports of food were less, by far, than they have been for some years past. With regard to our pastoral interests, we have not only had increased production, but higher prices, and the result has been that many colonists who are engaged in this department of industry have found themselves placed in circumstances of comparative independence. I shall not weary the Committee with statistics, because I know that they are not particularly interesting; but there are some of so much importance that I feel I must detain honorable members for two or three minutes while I state a few facts in illustration of the extraordinary prosperity of the country. Statistics derived from a comparison instituted between the years 1863 and 1872, the last decennial period, show that in 1863 the total value of exports was £6,936,839; and for 1872, £10,447,049; the increase being £3,510,210, or nearly 50 per cent. The vessels entered inwards represented a tonnage in 1863 of 479,827 tons; and in 1872 they represented a tonnage of 774,490; being an increase of 294,663 tons, or over 60 per cent. The vessels entered outwards represented a tonnage in 1863 of 511,373 tons, and in 1872 of 813,550 tons, the increase being 302,177 tons, or about 59 per cent. With regard to the settlement of the country, in the year 1863, the freehold occupiers of land were 11,534, and in 1872, 24,227; the number of leaseholders in 1863 was 7,827, and in 1872, 8,264, being an increase in the number of holders of 13,130, or about 68 per cent. With regard to conditional purchases, the number of acres taken up by conditional purchasers was, in 1863, 259,369 acres; in 1872 it was 749,586 acres—the increase being 490,217 acres, or about 190 per cent. The number of sheep depasturing in the colony in 1863 was 7,790,969, and in 1872 it was 17,560,048—being an increase of 9,769,079 sheep, or 120 per cent. The quantity of wool exported in 1863 was 14,791,849 lbs., and in 1872 it was 50,233,453 lbs.; the increase in ten years being 35,441,604 lbs., or 239 per cent. The value of our wool export was for 1863, £1,262,274; and for 1872 it was £3,342,900; the increase being £2,080,626. The quantity of coal raised in 1863 was 434,000 tons; in 1872 it was 1,012,000 tons. With regard to agriculture, the total quantity of wheat produced in 1863 was 809,000 bushels, and in 1872 the quantity produced was 2,898,000 bushels. I wish to draw the attention of the Committee particularly to this, because it has been said by some people that New South Wales is not a wheat-producing country. I think I may appeal to these figures as a refutation of any such notion as that. In 1863 the maize grown was 2,925,000 bushels; in 1872 it was 3,985,000 bushels. The quantity of sugar-cane raised was, in 1863, 280 lbs.; in 1872 it was 1,622,662 cwt. In 1863 the quantity of wine produced was 136,976 gallons, and in 1872 it was 451,450 gallons. During the first half of the present year, copper, the produce of the mines of New South Wales, was exported to the value of £79,301. During the first six months of this year, tin, the produce of the mines of New South Wales, was exported to the value of £114,251. If additional evidence of the prosperity of the country were necessary, I might refer to the amount of the bank deposits. The money in the Banks of the Colony, on deposit, on the 30th June, 1864, was £5,639,000, and on the 30th June, 1873, it was £10,160,000—the accumulation of deposits from 1864 to 1873 being £4,521,000, or 80 per cent. But, I take it, the deposits in the Savings' Banks of the Colony are a still more interesting and important proof of the public prosperity, indicating, as they do, the improved condition of the working classes. In 1863 the number of depositors in the Savings' Banks of New South Wales was 15,254; in 1872 the number was 25,561; increase in number, 75 per cent. In 1863 the amount of savings deposited was £760,500; in 1872 it was £1,029,000, to which must be added deposits in the new Post Office Savings' Banks, £128,000, making in all £1,157,000—showing an increase of savings deposited of £396,500, or 52 per cent. It is gratifying to be able to assure honorable members that the prosperity with which the Colony has been blessed is not of a temporary or partial character, but there is good reason to hope that it will be as permanent as it has been general. I have taken considerable trouble to satisfy myself on this point, and have had

prepared a statement of the revenue under every head during the last three years. This statement I shall be happy to lay upon the table, and move that it be printed. It will show that month by month the revenue has steadily increased, not upon one item alone nor upon half a dozen merely, but in every important branch of revenue, and as far as I can judge, there seems to be no prospect of any serious diminution. I might extend these preliminary remarks, but it will probably be more satisfactory to honorable members to be made acquainted with the facts which represent our financial position, and I will therefore abstain from any further observations of a general character, and proceed at once to deal with the Ways and Means. Before referring to the accounts which I have now to submit to the Committee, I desire to make a few remarks with reference to the 1870 and previous years' account, with which I think it advisable not to encumber the Ways and Means Statements, as it has been so frequently before the House. It will be in the recollection of honorable members that Parliament authorized the issue of Treasury Bills to the extent of £334,600, to cover the estimated deficit of 1870 and previous years. These bills were issued by the late Government, in April, 1872, and realized £348,105 3s., or a premium of £13,505 3s. With the exception of a few outstanding appropriations for services of 1870, and two or three small items included in the Supplementary Estimates laid on the table yesterday, amounting to £17 10s. 11d., all claims against the proceeds of these Treasury Bills are liquidated, and there remains over and above a balance of £20,403 7s. 6d., available towards the payment of the bills themselves when they mature in 1874. My honorable friend and predecessor, Mr. Piddington, considered that this balance could not legally be applied to the general service of 1871 or subsequent years, and therefore reserved it for the purpose mentioned. Concurring entirely in this view of the matter, I have carried this surplus balance to the credit of the account for 1874. By turning with me to No. 1 Account, that is, the one for the year 1871, the Committee will find that it remains in much the same condition as when last submitted. Then, the deficiency was estimated at £14,057 1s. 8d.; now, by the lapse of a few more balances of appropriations which are not required, the deficiency is reduced to £9,747 3s. 4d. When it is borne in mind that £100,000 of the Deficiency Loan was paid out of the revenue of 1871, this result cannot be considered unsatisfactory. The result now shown cannot possibly be much varied, as the appropriations retained for expenditure, on the 30th September last, only amount to £3,862 16s. 1d., some portions of which have since been paid. Had it been possible to have written these sums off now without inconvenience to the public service, I should have done so; but on inquiry I find that such a course would delay the completion of services in progress, and necessitate the re-voting of amounts which are claimed. Carrying this small deficiency of 1871 forward, I have now to invite the attention of the Committee to the account of last year, decidedly one of the most prosperous years the Colony has ever experienced. The revenue of 1872 so far exceeded the expectations of my predecessor, Mr. Piddington, as to enable the Government not only to meet all its liabilities of an ordinary character, but to pay off deficiency debts to the amount of £389,900, and the first instalment of £20,000 of the Million Loan of 1867 for public works, besides the small deficiency of £9,747 3s. 4d. on the account of 1871. After doing all this, I estimate—indeed I may say I am certain—that we shall have a surplus of £124,322 0s. 8d. In other words, the net revenue of 1872, which it will be seen by a reference to the account, amounted to £2,794,224 7s. 7d., exceeded the ordinary expenditure, which amounted to £2,250,255 3s. 7d., by the large sum of £543,969 4s. Out of this surplus we have, as already stated, been enabled to pay off—1. The sixth and last instalment of the short-dated debentures, £46,700; 2. The Treasury Bills issued under the Act 34 Vic. No. 18, which fell due and were paid off on the 9th May, 1872, £343,200. 3. The first instalment of the Million Loan, £20,000. 4. And the deficiency of 1871, £9,747 3s. 4d. In all, £419,647 3s. 4d. Leaving after all that, a surplus of £124,322 0s. 8d. to carry forward to the present year's

account. Before passing from this account, some honorable members may desire to know how the surplus is now shown to be much larger than when my honorable colleague the Premier made the Financial Statement last year. That is a matter easily explained. In the first place, the two last months' revenue of 1872 exceeded the estimate by £23,718 11s. 4d.; then the amount of appropriations actually written off under the Audit Act of 1870 exceeds the estimate made in November by £61,735 19s. 7d.; and the deficit brought forward from the 1871 account is now less than when last stated, by the sum of £4,309 18s. 4d.; these three items amount together to £89,764 9s. 3d. On the other hand, however, there are also three additional charges against the revenue of 1872:—1. The supplementary appropriations for 1872 exceeded the amount of Supplementary Estimate charged in the account, by a sum of £5,765 3s. 9d. 2. There have been additional special appropriations to the extent of £23,004 10s. 6d. 3. And there is now submitted a further Supplementary Estimate for 1872, amounting to £24,560 1s. 8d.; making a total extra charge of £53,329 15s. 11d.; which deducted from the aggregate credit of £89,764 9s. 3d., gives a net difference in favour of this year's account of £36,434 13s. 4d. which, is the exact amount of the increase of the present surplus over that previously shown. When the Financial Statement was made last year the savings on appropriations of 1872 were estimated at £130,000; but in consequence of contracts not having been taken before the close of the year for various roads and bridges and other public works which had been provided for by Parliament, votes to the amount of £74,761 14s. 10d. lapsed under the 17th clause of the Audit Act, thereby increasing the amounts written off to £191,735 19s. 7d. As these services were, however, re-voted, they have gone to increase the expenditure of 1873 to a like amount. Perhaps it may be interesting to the Committee to know how much better the revenue of 1872 has turned out than was expected by my predecessors:—Mr. Lord, who made his Financial Statement on the 6th December, 1871, estimated the revenue of 1872 at £2,393,058, and the ordinary expenditure at £2,292,553 12s. 5d., thereby giving an estimated surplus of £100,504 7s. 7d.; Mr. Piddington, on the 20th June, 1872, estimated the revenue at £2,450,854 3s. 6d. and the expenditure at £2,353,588 12s. 5d., giving a surplus of £97,265 11s. 1d.; Mr. Parkes, on the 21st November last, who had ten months' actual and two months' estimated revenue to deal with, stated the year's receipts at £2,770,505 16s. 3d., and the expenditure, including a supplementary estimate of £30,182 8s. 7d., at £2,258,661 7s. 3d., the surplus being £511,844 9s. As the actual revenue of the year has now been ascertained and certified by the Auditor General, and the expenditure chargeable against it arrived at with considerable accuracy, the statement I have submitted gives a result which cannot possibly be increased or diminished to any great extent. That statement shows that the actual net revenue amounted to £2,794,224 7s. 7d., and the ascertained ordinary expenditure to £2,250,255 3s. 7d., leaving thereby a surplus of £543,969 4s. as already stated. It will be observed from these figures that, while the expenditure is considerably less than first estimated, the revenue has exceeded Mr. Lord's estimate of December, 1871, by the sum of £401,166 7s. 7d., Mr. Piddington's of June, 1872, by the sum of £343,370 4s. 1d., and Mr. Parkes' of November last, by £23,718 11s. 4d. We now come to the account for 1873, which I have no doubt will interest the Committee even more than that for 1872, satisfactory as that was. If honorable members will endeavour to follow me, I will explain this account more in detail. Turning to the credit side, it will be observed that I have brought forward the estimated surplus of £124,322 0s. 8d. from last year's account. I next credit the account with the actual revenue collected for the nine months ended 30th September last, namely, £2,312,743; to that I add the amount of the revenue which will probably be received during the last quarter, and which is estimated at £936,392; should this estimate be realized, then the revenue of the year would amount to £3,249,135, and would thus exceed the net revenue of 1872, good as that was, by the large sum of £454,911. On referring to the debtor side of the account, it will be found that the expenditure is also on the increase, but

not, I am glad to say, in the same proportion. The first charge against the revenue of 1873 is the amount of appropriations made by Parliament during the last session for general services, together with the special appropriations. These amount to £2,713,117 10s. 11d.; then there are a few further special appropriations, to the amount of £25,639 15s. 8d.; deducting the estimated savings on the appropriations of this year, namely, £130,000, and adding the supplementary estimates, amounting to £109,419 0s. 4d., we find that the charges proper to this year amount to £2,718,176 6s. 11d., which deducted from the actual and estimated revenue, as shown on the other side of the account, leaves a surplus of £530,958 13s. 1d. To this, however, we have to add the surplus of the year 1872, £124,322 0s. 8d.; making together a net credit balance of £655,280 13s. 9d. In case there should be any doubt in the minds of honorable members as to this estimated surplus being realized, I have had prepared a statement of assets and liabilities on the Consolidated Revenue Fund, as they existed on the 30th September last, which, with the permission of the Committee, I will now read. The assets were—(1) The cash balance at the credit of the Consolidated Revenue Fund on the 30th September last £714, 152 12s. 1d.; (2) Amounts due by Loan Funds for advances made to them out of the Revenue of 1873 pending the negotiation of the Loans authorized, viz.: The Railway Loan Fund, 36 Victoria, No. 17, £100,000, The Superannuation Act Repeal Act Fund, 36 Victoria, No. 29, £90,000; (3) Amount of estimated revenue for the quarter ending 31st of December, 1873, £936,392, making together £1,840,544 12s. 1d. The liabilities were —(1) Amount of unexpended appropriations of Parliament on the 30th September last, viz.: 1870 and previous years £2,416 2s. 3d.; 1871, £3,862 16s. 1d.; 1872, £25,971 9s. 2d.; 1873, £1,138,782 15s. 1d., together giving a total of £1,171,033 2s. 7d., deducting therefrom the estimated savings on Appropriations of 1873, viz., £130,000, there is left a charge of £1,041,033 2s. 7d.; (2) Amount of the Supplementary Estimates for 1873 and previous years, laid on the table yesterday, £134,405 17s. 8d., less paid to the 30th September, £25,690 12s. 6d, leaving an unpaid amount of £108,715 5s. 2d.; (3) Amount of additional special Appropriations, as shown in the account for 1873, now submitted, £25,639 15s. 8d., less paid to 30th September, £10,527 12s. 7d., leaving a sum yet to be paid of £15,112 3s. 1d. These make the total liabilities £1,164,860 10s. 10d., which deducted from the assets gives a surplus of £675,684 1s. 3d. This surplus balance consists of the balance on the account for 1870 and previous years, already referred to, £20,403 7s. 6d., and the balance shown on the account for 1873, £655,280 13s. 9d. Unless therefore some unforseen circumstance should arise between this and the close of the year, which would have the effect of diminishing our revenue, I feel satisfied that this surplus balance will be fully realized. It is in fact already realized, for the revenue received during the first sixteen days of the present month has amounted to as much as the whole surplus which we estimated for the remaining three months. Perhaps, Mr. Driver, this may be the fittest opportunity to draw the attention of the Committee to the state of the Treasury and bank balances as they existed on the 30th September last. Attached to the Ways and Means will be found, at page 69, a detailed statement of those balances. On that date there was a cash balance at the credit of the Consolidated Revenue Fund of £714,175 12s. 1d., and there was and is still, due by the Railway Loan Fund, 36 Vic. No. 2, and the Superannuation Act Repeal Act Fund of 1873, for advances made out of the revenue of 1873 £190,000, making together a credit balance of £904, 175 12s. 1d. This balance was however chargeable with the interest on the Public Debt paid in England on the 1st July last, but not brought to account in the books of the Treasury at 30th September which amounted to £221,061 16s. 3d.; deducting this sum there would still have been at the credit of this fund a balance of £683,113 15s. 10d. Taking, however all the Government accounts together on the 30th September last, the aggregate of the balances shown by the books of the Treasury was £1,688,542 17s. 5d. This large amount was represented by—cash to the credit of the Public Account at the bank of New South Wales, Sydney, £717,709 8s. 5d.; cash to the credit

of the Public Account at the Bank of New South Wales, London, £486,861 18s. 4d.; cash to the credit of the Special Loan Funds in the Bank of New South Wales, Sydney, £225,141 19s. 8d.,—which made a total bank balance of £1,429,713 6s. 5d. Then there was in the hands of the Receiver of the Treasury £21,829 11s., and Government Securities in the Treasury chest belonging to Trust Fund Accounts to the amount of £237,000, which added to the bank balance makes up the Treasury aggregate balance of £1,688,542 17s. 5d. While these bank balances are before us, I may as well mention to the committee that when I went into the Treasury in December of last year I found that the balances had accumulated to a very large amount, and they were lying unproductive in the hands of the bank, under an agreement by which the bank was only expected to pay interest on £100,000. We had the power of investing the surplus in other banks, but at that time the money market was so exceedingly easy that no other bank was disposed to take any large sum at interest unless we could deposit it for a lengthened period,—and that, of course, it was not in our power to do. The money in the hands of the Government cannot be locked up for any lengthened time, for no one can tell what Parliament may decide to do with it. On carefully perusing the agreement, however, I found that the bank was under an engagement to allow us interest on the daily balances in London, at 1 per cent. below the Bank of England rate; and I therefore at once determined to remove from the balance in Sydney to the credit of the Government account in London half a million of money,—an amount sufficient to pay the whole interest on the public debt for the present year.

Mr. LEE: What was the exchange?

Mr. LLOYD: I think 15s. per cent. At all events, honorable members will be glad to hear that the money has been fructifying in England from that time to the present moment, and we have already a handsome amount to our credit for interest on that account. I have since succeeded in making an arrangement with the bank by which we receive interest on £200,000, and on a further sum of £350,000,—making in all £550,000, upon which we are now receiving interest from our bankers in Sydney, in addition to the sum at interest in London. It will therefore be seen that the balance at our credit in the Bank of New South Wales is beneficially employed while the money is not required. Before I leave this subject it may be desirable that I should state to the committee the course which the Government have taken with regard to the Loan Bills which were passed during last session. It will be remembered that Parliament passed two Acts—one authorizing the Government to raise a loan for railways to the amount of £1,901,500, to be issued in the shape of debentures; and the other a loan for public works, amounting to £509,780, to be issued in the shape of a funded stock. A very small amount is charged for interest on these loans, in consequence of our not having negotiated the railway loan, and only a portion of the funded stock loan. It appeared to me that while the Government had a large amount at their credit, which they could temporarily use for the purposes of these loans, it would not be desirable to burden the country with the payment of interest on money which we do not actually require,—unless some special circumstance arose to render that necessary. In the event of the money market having gone up, I should have been censured for not borrowing when the time was favourable; but I preferred to run that risk rather than borrow the money before it was wanted. I saw no reason to anticipate that the rate of interest would considerably increase. No doubt the value of money has fluctuated during the present year. We have had money up to 7 per cent., and it has gone down to 3 per cent. The wealth of the world is accumulating to such an enormous extent that it appears almost impossible that money can become permanently dear, or that its value can be considerably enhanced unless under circumstances of an exceptional character, and then the rise would only be of short duration. When the enormous debt due from France to Germany was being paid, and when for a short period there seemed to be some prospect of the Germans hoarding up this money and keeping it out of circulation, the market tightened; but the

moment the money flowed back into its ordinary channels, and this fear was removed, the tightness gave way, and the market relapsed into its normal condition. It was under these circumstances that the bank rate went up for a few weeks of this year to 7 per cent.; but that rate was maintained only for a short time, and if we look back for years we shall see that the price of money has not permanently increased. On the 1st May, 1863, the Bank of England rate was 3 per cent.; on the same day in 1870 it was 3 per cent.; in 1871, 2½ per cent.; in 1872, 4 per cent.; and in 1873, 4 per cent. These are very striking facts, and appear to me to fully justify the conclusion at which I arrived. The fluctuations on these days, in the years referred to, were only between 2½ per cent. and 4 per cent. Honorable members have no doubt observed, with considerable satisfaction, the high position which the debentures of this Colony occupy both in these Colonies and the mother country. Our 5 per cent. debentures are now selling here at 108½, and are not obtainable in any large number at that price. In England they are eagerly sought after at very satisfactory prices; and I am informed by our banker in London that, if necessary, he could launch without difficulty a million's worth of our debentures at the full market rate in a few hours.

Mr. J. ROBERTSON: At the lowest rate?

Mr. LLOYD: I mean the best rate for the borrower. I placed the funded stock loan on the market because a large amount of that money was required; and although some exception has been taken by disappointed tenderers to the minimum fixed by the Government upon that loan, yet I have every reason to be satisfied with the course pursued, and should adopt precisely the same principle if the transaction had to be done over again. It should be borne in mind that we were launching an entirely new description of security, and it was therefore impossible to say exactly what it would realize. The Government were not in urgent need of the money; and there was no necessity therefore to depreciate the value of our securities by fixing a low limit, as the Queensland Four per Cent. Loan was selling in our market at 95½

Mr. GARRETT: No.

Mr. LLOYD: At 95½. It went rapidly up until it reached 95½, and during the week I launched the funded loan it could not be got at that, because it was in the hands of a few monopolists who would not sell. The Adelaide Four per Cent. Inscribed Stock was launched on the very morning that our tenders came in at £95 2s. 6d. It did not seem prudent that this Government should fix a lower limit than 95 for similar stock. We had applications from the public for more than the amount required, but not at the price we had fixed. We accepted those tenders which were within our limit, and left the stock open at the same price for any parties who chose to apply for it. A large amount has already been taken, and we have a balance at the credit of the account at the present moment; and we have also other funds which we could invest in this stock if necessity arose. I need not now stop to defend the action of the Government in investing trust funds at its disposal in these securities. The honorable and learned member for East Macquarie, Sir James Martin, has placed a motion of censure on the paper in regard to this operation, and I would therefore prefer to reserve for the debate on that motion any remarks which I have to make upon this subject, I have no doubt I shall then be able to defend the action of the Government in regard to this matter. Before leaving the subject of loans, I desire to furnish the Committee with some particulars respecting the Public Debt of the Colony, which I think will be interesting not only to honorable members but to the community at large. I have had this return prepared at very considerable trouble, and it is very complete—the object being to show the entire amount of the debt, and how it is represented. I shall be glad if honorable members will be kind enough to give their attention to these points, because I do not think that they have ever been brought before this House previously. I am quite sure it will be interesting to the House and to the country to know exactly the amount of our debt, and what we have to show for it. Our present debt may be said to consist of two divisions. The main division being loans for public works of a

permanent and, to a very large extent, reproductive character; the other, loans for deficiencies in revenue. The latter division I hope to see expunged next year, entirely and for ever, from the public ledger. The former, so long as the Colony is advancing, must almost of necessity go on increasing year by year. On account of deficiencies in the revenue, commencing somewhere about 1863, and ending with 1870, we have issued Debentures and Treasury bills to the amount of £1,283,100, but of that we have paid off finally £984,500, leaving outstanding at this date £334,600 of Treasury bills which fall due next year. Our total issues of securities on account of permanent public works, &c., up to 30th September last, excluding renewals to the extent of £1,083,100, amounted to £10,564,385. Of this amount we have paid off out of revenue the sum of £69,100, leaving outstanding a debt of £10,495,285. So that, by adding the unpaid Treasury bills belonging to the deficiency debt, it brings the total up to £10,829,885 at close of last month, and on which we are now paying interest. We have authority, under the two Loan Acts of last Session, to raise a further sum of £2,211,684, for the extension of our existing lines of railways and other public works therein provided for. But as there is such a large cash balance at the credit of the Government in the Bank, there is no immediate necessity for raising this sum, which would only go to swell our balance. Being anxious to ascertain what we had to represent our debt of £10,495,285 for public works, and in what way the proceeds of our loans had been used, I got a statement prepared, in the form of a debtor and creditor account, which so clearly gives this information that I will, with the permission of the House, read it. I will also lay the papers on the table and move that they be printed. On the credit side I find that the gross proceeds of debentures issued for public works and renewals were £11,013,859 11s. 10d., and of funded stock issued £199,595 19s., making the total proceeds £11,213,455 10s. 10d. On the debtor side I find the distribution of this large sum has been as follows:—Debentures paid off being renewals, £1,082,730; charges on sale of debentures, £68,103 0s. 1d.; amount over-raised under two recent Acts transferred to the Consolidated Revenue Fund, £16,278 10s. 3d.; advances to the Commissioner for Railways, not yet adjusted, £494 14s. 4d.; and payments made to 30th September last, on account of railways, telegraphs, public works, and other services, an abstract of which I will presently read, to the amount of £9,585,809 9s. 2d. These disbursements amount together to £10,753,415 13s. 10d., and the difference between that sum and the proceeds, namely, £460,039 17s., was lying in the Bank to the credit of the Government on the 30th of September. The details of the services paid out of the loans are as follows:—Railways, £6,719,262 8s. 3d.; telegraphs, £270,774 19s.; immigration, £518,769 14s. 7d.; sewerage and water supply, Sydney, £400,000; compensation to Municipal Council of Sydney, for land resumed under the Water Supply Act, 17 Vict., No. 35, £43,261 14s. 6d.; public works, Queensland, when it formed part of New South Wales, £49,855 8s. 6d. Harbours and rivers navigation:—Improving the navigation of the river Hunter, and improvements to the port of Newcastle, £195,409 15s. 9d.; improving the navigation of the rivers Darling, Murray, and Murrumbidgee, £76,909 16s. 1d.; harbour works, Wollongong, £44,878 9s. 5d.; harbour works, Kiama, £50,176 14s.; improving the navigation of other harbours and rivers, including the erection of wharfs, &c., £78,030 1s. 7d.; steam dredges and punts, Sydney, £28,499 16s. 3d.; improvements, Circular Quay, £6,474 3s. 4d.; steam cranes, wharf, &c., Darling Harbour, £45,320 4s. 1d.; dam at North Rocks, Parramatta, £5,000; dam at Hunt's Creek, Parramatta, £8,000; Fitz Roy Dry Dock, £20,868 13s. 10d.; wharf, &c., Woolloomooloo Bay, £28,164 16s. 10d.; reclaiming land at head of Darling Harbour and Blackwattle Swamp, £12,381 1s. 11d.; Blackwattle bridge and causeway, £10,000; Harbour defences, £183,793 10s. 8d.; University of Sydney, £55,000; Affiliated Colleges, £34,523 5s. 5d.; Grammar School, £25,000; Australian Museum—enlargement, £26,954 11s.; Parliamentary buildings, £15,000; juvenile reformatories, £14,057 18s. 3d.; new General Post Office, £99,571 2s. 8d.;

new printing office, £6,000; receiving houses at Redfern and the Necropolis, £12,548 13s. 7d.; Free Public Library, £9,215 0s. 6d.; Observatory, £7,000; Asylum for Destitute Children, £5,000; additions to the Sydney Infirmary, £5,000; public works and improvements generally in Sydney and suburbs, £27,329 12s. 10d.; Lunatic Asylum, £6,121 17s. 2d.; Lighthouses, £44,052 7s. 2d.; Glebe Island Abattoir, bridge, &c., £55,866 11s.; Gaols and Penal Establishments, £12,864 16s. 6d.; Court and Watch Houses, £9,827 15s.; police barracks, Sydney and country districts, £10,000; roads and bridges—bridges throughout the Colony, £287,044 9s. 6d.; metalling the Mudgee Road, £22,000—amounting in all, as already stated, to £9,585,809 9s. 2d. It will thus be seen that, although our debt is large, yet the money has been expended upon works of a most beneficial character, many of them reproductive at the present time, and, as the Colony progresses and our railways extend into the interior, they will become more so every year. I do not wish to detain the Committee too long, or I could show that the railways and the telegraphs are paying better than they have ever paid before; that the revenue from the post office is larger than it ever was before; and so on with other important departments of revenue. The question will now very naturally arise what the Government intend to do with the surplus which is so far realized as to be almost certain,—indeed the whole of the surplus estimated for the three months of this year is already in hand by the revenue of the few days of the present month; and before I go into the estimated revenue and expenditure for 1874, which will disclose our policy, I may as well state what that policy will be.

Mr. J. ROBERTSON: Before the honorable gentleman goes into another branch of his subject I should be glad if he would answer one or two questions. I should like to know what interest we are getting for the £500,000 which the honorable gentleman says he has transferred to the Bank in London.

Mr. LLOYD: We are getting 1 per cent. below the Bank of England rate, as published from day to day. That is to say, if the rate is 7 per cent. we get 6 per cent.; if it is 6 per cent., we get 5.

Mr. J. ROBERTSON: Do you mean the Bank of England rate of discount?

Mr. LLOYD: Yes, the Bank rate of discount as published from day to day. There are three ways in which a surplus may be disposed of:—First, in payment of our debts; and here we have the example of the mother country to assist us, as, whenever the revenue exceeds the expenditure, one-fifth of the surplus is always paid over to the Commissioners of the National Debt, by whom it is appropriated in part liquidation of that debt. Or, secondly, it may be disposed of by removing burdens on the people, by reducing taxation; and here again we have the advantage of English example, as was lately illustrated by the reduction of the income tax, and other imposts of an oppressive character. And thirdly, surplus revenue may very properly be expended in the construction of public works of a national character which may be urgently required. The Government propose to adopt each of these modes. In the first place, I trust, it will be a matter of gratification to the Committee and the country to know that the Government propose to pay off the whole of the deficiency debt. This debt has rested like an incubus on all successive Governments, and has been the cause of more bickering and annoyance, probably, than any subject ever discussed in this House. Treasurers have been accused of all sorts of misrepresentation with regard to it; and although it could never have been anticipated that the whole amount of over £800,000 should have been extinguished within the period of the last three years, yet the finances of the country have been so flourishing that I am happy to say this can be done; and the Government intend to ask the Committee to let them do it. The last of the liabilities incurred to meet this deficiency debt, amounting to £334,600, will be due on the 1st July next, and the money is now in the Bank by which the bills may be paid. I need hardly say that this will place any future Treasurer in much more favourable circumstances than have hitherto existed for the management of the finances of the country. If this

Government remain in power, and I have the honor to be its Colonial Treasurer another year, I shall ask permission to consolidate the Public Debt and to pay off out of revenue £100,000 per annum and a certain portion of any surplus revenue in each year; but for the present I think that, by paying £100,000 in 1871, and £409,900 in 1872, and £334,600 in 1874, we have done our share of reducing our liabilities for these years. After paying off the balance of this deficiency debt we shall have a surplus of £320,000, part of which we intend to ask for authority to expend on surveying the lands to the extent of £20,000 more than was authorized for this year, and on important public works, as shown in the Estimates-in-chief, to the extent of £100,000 more than this year, and the remainder we shall ask the House to allow us to retain in order that we may revise the tariff with a view to the reduction of the burdens upon the people. Amongst these reductions, when my resolution is submitted to the House, will be found the repeal of the *ad valorem* duties. These duties were originally imposed to meet the deficit, and they cannot reasonably be continued after that deficit is disposed of. I feel convinced that there are but few honorable members of this House who will not rejoice at the prospect of getting rid of these obnoxious taxes, and the Government make the proposal with the greater satisfaction, because it will enable so many honorable gentlemen to redeem the pledges which they made to their constituents before they entered this chamber. The effect of these duties has been to hamper our trade, and to drive a large portion of it into other channels. Every honorable member who has been engaged in business knows that seven or eight years ago we did a large trade with New Zealand, but since the imposition of these duties and other restrictions, almost the whole of that trade has been lost. They have had a most baneful influence on the mercantile community, inasmuch as they have given rise to a system of demoralization, the extent of which it is hardly possible to estimate. If honorable members had opportunities of knowing the extraordinary means which have been adopted by some houses to evade these imposts, they would I am sure admit that the existence of such duties is an evil only to be tolerated under the most exceptional circumstances. There have been instances of men honorable in all other respects, stating that if they did not resort to the expedients unscrupulously adopted by their fellow-tradesmen they must inevitably be ruined, for it would be utterly impossible for them to compete in business, if they paid the duty honestly on the full value, with others who succeeded, by means of fictitious invoices and other disreputable practices, to get their goods through the Customs on payment of less than half the duty. Among other objectionable features incidental to this system of collecting revenue, is the fact that houses are compelled to give their invoices up to the Customs authorities; and thus it is almost impossible for a gentleman engaged in trade to conceal his business. It is exceedingly undesirable that if I find out the best house with which to trade, and the cheapest market, that publicity should be given, as is virtually the case under this system, to my business transactions. It is almost impossible for merchants to prevent their business being disclosed in a way which may prove most detrimental to their interests. I need hardly say that these obnoxious duties enter into every man's home and meet him at every step; they touch every article he wears and most of what he consumes. I need not enlarge upon this subject, as I feel convinced that the Committee will be only too glad to assent to their repeal. It might be supposed reasonable that we should stop here, and not ask for any further alterations in our fiscal policy, but on looking through the tariff, as it would stand with the *ad valorem* duties off, there are a number of specific duties which produce no revenue, and which we think may be very wisely excluded from Customs interference. We have therefore selected thirty-two articles which only produce £13,174, and we propose to strike these off, and thus reduce our tariff to about fifty articles, which we anticipate will give us a revenue of £947,800, which is more by £87,000 than the Customs Revenue of 1871, and only less by £27,000 than the revenue of 1872. This will liberate commerce to a considerable extent, and

make our Port more attractive than it has been for some time. The most enlightened tariff ever introduced into this or any other country was that established by Mr. Deas Thomson, in 1852; it derived its revenue from the smallest number of articles of the largest general consumption, and most of these the luxuries of life. So statesmanlike was it that England has copied it, and it has continued, with very trifling alterations, their tariff to the present day. It is productive, inexpensive, and expansive. The Customs revenue in England, in 1840, from 1,200 articles, was £21,784,499, and now the revenue, from fifty articles, is £20,513,583. This tariff would have been ours to this day but for that wretched deficiency debt; and the one which we now propose to adopt is the nearest approach to it which we can venture upon at present. Honorable members will see that it is derived very largely from the luxuries of life, and may therefore be considered a system of voluntary taxation, as no man need drink wine or spirits, or smoke tobacco, or use many of the articles, unless he please.

MR. ROBERTSON: The honorable member has not told us the specific articles which he proposes to exempt from duty.

MR. LLOYD: The tariff is being printed, and it will be here shortly. I have a list of the articles by me, and, with the permission of the Committee, I will read them. The following is a list of the items on which it is proposed to abolish the specific duties, and the amount of revenue which we have derived from each article:—Alkali, £20; butter, £12; chalk, £16; shingles and laths, £10; sashes, doors, and shutters, £46; vermicelli, £64; zinc manufactures, £28; acids, £200; arrowroot, £196; zinc in sheets or rolls, £132; iron chains, £260; iron tanks, £216; macaroni, £288; common soap, £210; tapioca, £294; palings, £276; iron pipes, £336; fancy soap, £356; whiting, £358; grain, and pulse of every kind not otherwise enumerated, £412; steel, £498; picks, £526; lead—pipe and sheet, £668; corn flour or maizena, £784; grain and pulse of every kind not otherwise enumerated, when ground in any way, prepared, or manufactured, £782; vegetables, preserved, £766; galvanized manufactures, £972; soda, caustic, £936; axes, £1,264; screws, including bolts and nuts, £1,080; shovels and spades, £1,962; cider, perry, plate and sheet iron, about £1,000. In view of the loss of the revenue from the Custom House we thought it exceedingly desirable that we should replace it as far as we possibly could. Several schemes were proposed and considered by the Government, but we finally came to the conclusion that the best course to adopt was to increase the duty on one article, and on one article only. We did not think that it would be desirable to impose any new duties. The article in the present tariff which we thought could most legitimately be made to bear an increased rate of duty is tobacco. We really thought that those who indulged in the noxious weed should enjoy the privilege of paying for the luxury; and I regret to say that in my opinion the duty which we propose to put on this article will not decrease the consumption by a single pound. We propose to ask the Committee to allow us to put an additional duty of 1s. on manufactured tobacco, and 1s. on unmanufactured tobacco, and that will make the duty on manufactured tobacco 3s. per lb., and on unmanufactured, 2s. Even at this increased rate the duty in New South Wales will be considerably less than it is in England, where the rates of duty are, on unmanufactured, 3s. to 3s. 6d.; and on manufactured, 4s. to 4s. 6d.

MR. HOSKINS: What is the duty in Victoria?

MR. LLOYD: It is the same as ours is is now.

MR. HOSKINS: Then tobacco will be smuggled over the Border.

MR. LLOYD: We will deal with that when the time comes. The duty which we propose is, I think, a very legitimate tax. Its collection will not entail any additional cost upon the Government, and it will give us a revenue of £39,500. By the abolition of the *ad valorem* duties the loss of revenue would, on the average of the last three years, be about £155,644; and the loss by the abolition of all the specific duties, except those retained in my new tariff, would probably amount to £13,974, making a total loss of £169,618, which, however, would be reduced, by the proposed additional 1s. per pound on tobacco, by a sum of

probably £39,500, resulting in a net loss of £130,118. But if we are to be guided by the Collector of Customs' Estimate of *ad valorem* Duties for this year, the loss would probably be £190,000; to which if we add the loss on specific duties as above shown, viz., £13,974, the loss would amount to £203,974, which, reduced by the increase on tobacco, £39,500, would produce a nett loss of £164,474 on the Customs revenue. These are the proposals which the Government intend to submit to the Committee, and I have very little doubt but that they will commend themselves to the judgment of honorable members. In consequence of the proposed abolition of the *ad valorem* duties, and the few proposed modifications in the existing tariff, to which I have just referred, there will necessarily be a reduction in the whole revenue of 1874 as compared with that of the present year. I am glad, however, to say that, notwithstanding that reduction which I estimate will only amount to £80,200, we will have sufficient to cover our estimated expenditure for next year and have a balance of £167,548 4s. 4d. over and above. The heads of revenue under which decreases appear are these—Customs, £137,012; duty on refined sugar and molasses, £2,158; pilotage, £1,328; tonnage dues (now abolished), £2,337; postage, £2,786; licenses, £4,136; and five others amounting together to only £1,503; making for decreases an aggregate sum of £151,260. On the other hand, however, we have increases under—duty on spirits distilled in the Colony, £8,618; gold revenue, £3,224; Mint receipts, £3,628; stamps, £1,882; land, £11,546; rents, exclusive of land, £4,232; railways, the large increase of £25,181; telegraphs, £7,693; and miscellaneous, £5,056; total, £71,060. It only remains for me to refer to the account of estimated revenue and expenditure for the year 1874. That account will now be distributed, and from it honorable members will see that I bring forward the estimated surplus from the account for the present year. The estimates of revenue show that our income for next year will be £3,168,935, which is, as already stated, slightly under that which we expect to have this year. I have also credited this account with the cash balance at the credit of the account for 1870 and previous years, making a total credit of £3,844,619, 1s. 3d. The charges against this sum are, first, the estimated expenditure proper to the year, amounting to £2,991,386 15s. 8d.; secondly, the first instalment on account of claims under the Superannuation Act Repeal Act of 1873, which we estimate at £10,000; and lastly, the Treasury Bills falling due on the 1st July, 1874, £334,600, making a total charge of £3,335,986 15s. 8d. This amount deducted from the credit side leaves an estimated surplus of £508,632 5s. 7d. after allowing for all the loss we shall sustain by our reduced tariff. The increase of expenditure over that of 1873 is at first sight large, being no less than about £280,000; but it must not be forgotten that we have a Supplementary Estimate for 1873 to the amount of £109,000, which would reduce the difference to £171,000. I will only mention a few of the principal increases making up this amount:—Interest on the Public Debt, £36,000; pensions under the recent Act, £14,000; warlike stores, about £20,000; survey of lands, £20,000; railways, £25,000; postal and telegraph services, £32,000; public works, about £20,000; roads and bridges, £26,000; Treasurer's Advance Account, £30,000; the present amount on this last account not being sufficient to meet the requirements of the Public Service. I think I have now said all that is necessary to put the House and the country in full possession of our financial condition, and the policy the Government propose with regard to the future. The tariff which we propose to ask the Committee to adopt is a tariff framed for revenue purposes only. It has no reference to protection in any shape or form. If it happen incidentally to have a protective tendency we cannot help it; our object in imposing duty being as I have said solely for the purpose of obtaining revenue. I have no doubt that policy will be approved by a large majority of this House and the country. It will remove burdens on our commerce of a highly obnoxious character, and leave our trade comparatively free. The *ad valorem* duties covered by the tariff 145 articles with all their ramifications. The

specific duties included about 100 articles. To reduce this number, as we propose, to 55, and those mostly affecting the luxuries of life, must be considered a step in the right direction. It is as near an approach to free trade as we can consistently make at the present moment. The object is to retain revenue, and if it should incidentally protect a few articles we cannot avoid it. With this view we have selected only the articles which produce revenue, and have excluded all those articles which produce little or none. I have little doubt that with such a tariff our trade will expand, that ships will be attracted to our coast; and with our unlimited coal-fields, and our increasing exports of wool and other productions, we shall see the flags of all nations floating on our waters, our harbours crowded with shipping, our people happy because prosperous and free, and that they will rise to the importance of their destiny as one of the great nations of the future, illustrating the language of the poet—

"Art thrives most
Where commerce has enriched the busy coast;
He catches all improvements in his flight,
Spreads foreign wonders in his country's sight;
Imports what others have invented well,
And stirs his own to match them or excel.
'Tis thus reciprocating, each with each,
Alternately the nations learn and teach;
While Providence enjoins to every soul
A union with the vast terraqueous whole."

NEW SOUTH WALES.

The Financial Statement of the Honorable George Alfred Lloyd, made 19th November, 1874.

LEGISLATIVE ASSEMBLY.

19th November, 1874.

FINANCIAL STATEMENT.

Mr. DRIVER: I beg to move "That to make good the supply granted to Her Majesty for the service of the year 1873, there be granted out of the Consolidated Revenue Fund of New South Wales, the sum of £20 12s. 2d., for sundry expenses incurred in connection with the New South Wales Infantry since the disbandment of the Force." Thirteen months have passed away since I had the honor of making my last Financial Statement, in which it was my privilege to congratulate the House and the country on a tide of prosperity which gave every evidence of permanence and substantiality. I then showed the remarkable increase in the wealth of the Colony during the decade commencing with 1863 and ending with 1872, and proved by unanswerable statistics that, whatever might be said to the contrary, the Colony of New South Wales was taking a position not inferior to any dependency of the British Empire. I am happy to say that the Statement I shall now make will show that the tide of prosperity is still flowing, and so far as we can see into the future, there is no reason to fear any sudden or even gradual cessation. The revenue for this year has increased beyond my most sanguine anticipations, and if we may judge from bank deposits, Savings' Bank receipts, exports, imports, sales of land, and other indications of national prosperity, there has not been a period since the discovery of the Colony when it was in a more flourishing and satisfactory condition. The depression caused by the collapse of most of the mining companies established in 1872 has not yet entirely subsided, but every week produces evidence that this country contains mineral wealth of inestimable value, and that patient perseverance with labour skilfully applied will ultimately be rewarded. A beneficent Providence has favoured us with rain and sunshine in such happy combinations that we have had grass and water in abundance for our cattle and sheep. The markets of the world have given fair prices for our produce, and with very few exceptions every interest in the Colony is thriving. If proof were wanted of our accumulating wealth, it might be found in the fact that other colonies are sending their loans here to be floated, and large sums of money have been thus withdrawn during the present year. I need not say anything about the land revenue here, because it will be more fully dealt with further on in my speech. It will however be gratifying to the Committee to know that the provision made for our railway extensions from Goulburn to Wagga Wagga, Bathurst to Orange, and Murrurundi to Tamworth, will not be exceeded. Contracts have been taken for all these extensions, at an average cost per mile of £5,374, exclusive of station buildings. There are now 284 miles of railway under construction, and 402 miles open for traffic; and here I may remark that the yearly increasing prosperity of the railway lines opened for traffic fairly warrants the expectation that increased railway communication will prove to be a profitable

source of revenue. The statistics show that, as the lines extend, the revenue per mile of line open sensibly increases; thus —In 1869, with 318 miles open, the earnings were £833 per mile; in 1870, with 340 miles open, they were £903 per mile; in 1871, with 358 miles open, they were £992 per mile; in 1872, with 396 miles open, they were £1,073 per mile; in 1873, with 396 miles open, they were £1,222 per mile; and in 1874, with 402 miles open, the earnings will probably be £1,284 per mile. In five years, therefore, the earnings have increased from £833 to £1,284 per mile, or over 54 per cent. The working expenses at the same time, *pro rätâ*, have decreased. In 1869, out of every £100 earned, £66 was absorbed by the cost of earning it. In 1873 the rate was reduced to £48 18s., and for the present year a further reduction is expected. These figures compare very favourably with those of English lines, the chief of which expend £50 for every £100 earned. The following statement will show the gradually improving rates of interest which our railways are paying on the capital invested on lines opened for traffic.—In 1869, the capital invested was £4,691,234, the net receipts £88,613, equal to £1 17s. 9d. per cent.; in 1870, the capital invested was £5,576,559, the net receipts £101,139, equal to £1 18s. 1d. per cent.; in 1871, the capital invested was £5,898,908, the net receipts £158,256, equal to £2 11s. 7d. per cent.; in 1872, the capital invested was £6,388,727, the net receipts £217,071, equal to £3 7s. 11d. per cent.; in 1873, the capital invested was £6,775,918, the net receipts £246,201, equal to £3 12s. 8d. per cent.; in 1874, with an invested capital of £6,820,918, the net estimated receipts are £269,878, equal to £3 19s. 1d. per cent. Our postal and telegraph operations are also extending. We had last year 6,604 miles of telegraph wire open, producing a revenue of £46,667 from 363,950 messages. We have now 7,523 miles open, producing, with a reduced tariff, a revenue of £40,000 from 550,000 messages. Our inland mails travelled last year over 3,483,505 miles, and letters to the number of 9,602,600 were posted in the colony. This year our mails run over 3,552,800 miles, and it is estimated that the letters posted in the Colony will amount to 10,400,000. The opening of the new Post Office in this city has been an interesting event of the present year, and when the Government have secured the land by which they can open a new street between George-street and Pitt-street, by the side of the Post Office, the building will occupy a much more prominent position than it does at present. This would have been done simultaneously with the opening of the Post Office, but difficulties exist in regard to the purchase of the land which can only be overcome by an Act of Parliament. The free trade policy which I had the distinguished honour of proposing last session, and which this House adopted, has not only attracted the attention of the neighbouring Colonies, but the mother-country and the United States have in their leading journals and in their Houses of Legislature expressed their appreciation of the wisdom displayed by this Parliament in releasing commerce from its fetters as far as possible, and reducing the tariff to as few articles as is consistent with a due regard to the revenue which must be obtained from the imposition of Customs duties. The tariff is not yet as perfect as we should like; but if this Government should remain in office during another session, we shall take a further step in the same direction. We have the satisfaction of knowing that the new Colony of Fiji has adopted our tariff, and we can only desire that the whole of the Australasian Colonies may speedily be converted to a policy which the mother-country has found more productive of prosperity than any other. To show the enviable position of the inhabitants of New South Wales in the matter of taxation, I would point out that under our free trade tariff there is not a single tax on any necessary of life, whether of food or clothing. Tea and sugar are the only articles which can possibly be claimed to fall under that category, and they are taxed everywhere. Our Customs taxation is entirely *voluntary*, and anyone, if he pleases, can live in this colony and support his family without contributing a penny in the shape of taxes to the public Treasury. The annexation of Fiji to the British Empire cannot be otherwise than an interesting event to this and other

colonies, standing as it does in the highway of our mail communication with the teeming populations of the United States and the old country. We may fairly anticipate that an extensive trade will spring up with these Islands of the Sea, and that we shall share largely in its advantages. The trade of Fiji, as shown by the imports and exports, was, for the twelve months ending 30 September, 1873, £170,479, and for 1874, £199,255—more than half of which was with this Colony. I must not, however, prolong these introductory remarks, interesting as it is to dwell upon the advance which the Colony has made in the short space of our own experience, and the rapidity with which it is increasing in wealth and importance. It is hardly possible to estimate the grand future that is in store for this rising nation when the noble public estate we possess is covered with a wise and energetic population. Last year, when submitting the Ways and Means to the Committee, I found it necessary to start with the year 1871, in order to show what would be the probable result of each year's transactions up to the close of 1873. I am glad, however, to say that I have been enabled to close the accounts of 1871 and 1872 finally, and have therefore only to submit those for 1873 and 1874, together with an estimated account of the revenue and expenditure for the year 1875. It would have been much more satisfactory to myself, as well as to the Committee, if I could have now submitted a closed account for last year also, showing the actual, instead of, as I must still do, the estimated, surplus. This could not, however, be done without great inconvenience to the service, as many of the contracts entered into before the 31st December, 1873, on account of public works, are still in course of execution. These outstanding contracts were carefully ascertained on the 30th September last, and the necessary funds reserved to meet them. Funds have also been reserved to meet claims known to be outstanding on account of other services which cannot, for various reasons, be settled at once. A statement of all the appropriations of 1873, which were thus reserved on the date mentioned, will be found with the Ways and Means, which will now be distributed, and to which I desire to draw the special attention of the Committee. In dealing with the accounts, which I must do somewhat in detail, I have to request honorable members to turn with me to the account of Ways and Means for the year 1873, which will be found at page 6, in order that they may, by tracing the figures for themselves, the more readily understand my explanations, and the results at which I have arrived. I will endeavour to show now wherein this account differs from the one submitted last year. When I made the Budget speech on the 16th October, 1873, I estimated that we should have a surplus of £655,280 13s. 9d. at the end of that year, or rather when the account for 1873 was finally closed. From the account now submitted it will be seen that I anticipate a surplus of £720,089 1s. 5d., or £64,808 7s. 8d. in excess of my former estimate. Then I had to submit an estimate of the probable revenue and receipts of the last three months of the year; now I can give actual results, and it affords me much pleasure to be able to inform the Committee that the actual revenue of that period, or I may now say of the year, has exceeded my expectations by the large sum £74,094 19s. 6d. Although this increase of revenue apparently accounts for the increase of surplus, yet there are other variations in this account, which I think it right to point out. The first of these is a larger surplus from 1872 than I formerly estimated. This increased surplus, which arises entirely from the lapsing of further appropriations of 1872, gives an additional credit to the year 1873 of £17,089 5s. 10d.; to this has to be added the revenue of 1873 in excess of estimate, as already explained, namely £74,094 19s. 6d.; and as I estimated the probable savings on the appropriations of 1873 (exclusive of the Treasurer's Advance Account) at £100,000, which now turn out to be £140,726 16s. 3d., there is of course a further credit on this account of £40,726 16s. 3d., which, added to the other two credits, makes an aggregate additional credit of £131,911 1s. 7d. Had there been no further charge against the revenue of 1873, this large sum would all have gone to swell the surplus of last year. However, since October, 1873, and before the close of last session, the Supplementary Appropriations of 1873 were increased from £109,419 0s. 4d. to

£164,071 13s. 5d., being a further charge of £54,652 13s. 1d. There have also been a few additional special appropriations to the amount of £8,749 15s. 5d., and a further Supplementary Estimate now before the House for £3,700 5s. 5d. These, which together amount to £67,102 13s. 11d., deducted from the additional credits referred to, leave a surplus of £64,808 7s. 8d., which is the amount to be carried to the credit of the accouut for the present year, over and above my former estimate of £655,280 13s. 9d. Before leaving this part of my subject, I will show the heads uuder which the actual exceeded the estimated revenue of 1873:—Customs exceeded by the large sum of £42,999; duty on refined sugar and molasses, £1,800; duty on spirits distilled in the Colony, £252; gold revenue, £648; mint receipts, £1,015; stamps, £6,512; pilotage and harbour and light rates, £5,065; land revenue, £17,161; rents (exclusive of land), £2,183; contributions under the Sheep Disease Prevention Act of 1866, £354; fees under the Registration of Brands Act, £142; railway receipts, £8,755; postage, £3,048; commission on money orders, £109; fees of office, £1,293; fines and forfeitures, £750; in all, £92,086, under sixteen heads of revenue. This amount has, however, to be reduced by over-estimates under the three following heads, namely:—Electric Telegraphs, £5,640; licenses, £1,319; miscellaneous receipts £11,032; together amounting to £17,991, which, deducted from the increases, leaves £74,095, the amount to which I have already referred. It must therefore be gratifying to the house and the country to know that this large increase which accrued during the last quarter of 1873 was derived in a great measure from sources which indicate that the Colony was in a prosperous and progressive condition. As no portion of the deficiency debt fell due in 1873, the entire surplus of that year has been carried to the credit of the account for 1874, to which I would now invite the attention of the Committee. Starting that account therefore on the credit side with the 1873 surplus of £720,089 1s. 5d., I add thereto the actual revenue and receipts for the nine months ended 30th September last, which, as will be seen from the account, amounted to £2,376,822. This is £64,079 in excess of the corresponding period of 1873. Although a much larger amount has been received from the sale of land in 1874 than was in 1873, I am glad to say that under many important heads of revenue the increases have been considerable—for instance, duty on refined sugar and molasses gives an increase of £6,875; stamp duties, an increase of £3,558; pilotage and harbour and light rates, an increase of £2,360; railway receipts, an increase of £20,105; licenses, an increase of £2,481; and miscellaneous receipts, £17,398, of which over £13,000 are for interest on bank deposits, a subject to which I shall again have occasion to allude. There is of course, as was to be expected from the abolition of the *ad valorem* duties, a large decrease under the head of customs. This decrease, which in the nine months amounted to £175,813, does not, however, arise altogether from the abolition of those duties, as I find there is a falling off of nearly £5,000 on sugar, £1,811 on wine, £3,817 on ale and porter, £3,758 on dried fruits, and £660 on tobacco and cigars. Were it not therefore that the manufacture of these articles in the colony is steadily progressing, the duties collected on them through the Custom House should be annually increasing in the same ratio as our population. While it is thus a matter for regret in one sense, it is a matter for congratulation in another. The probable revenue for the last quarter of the year is put down at £1,081,155. This sum is based upon the estimates furnished by heads of departments, which have been carefully examined and compared with the actual receipts of the corresponding quarter of 1873, for the purpose of seeing that they are not excessive. I have every reason therefore for expecting that the amount will be fully realized. The actual and estimated revenue and receipts for the year 1874 amount together to £3,457,977, which will exceed, if realized, the net revenue of 1873 by £134,747 0s. 6d., of which excess about one-half was received during the first nine months of the year. The third item on the credit side of this account is £22,760 18s. 8d., being the surplus balance from the account of 1870 and previous years. This credit is larger by £2,357 11s. 2d., than that formerly given. The increase is caused by writing

off certain appropriations which at the time I made my last financial speech were expected to be required for expenditure. I now come to deal with the charges against the revenue of 1874. These I estimated in October, 1873, at £3,335,986 15s. 8d. Now I find they will amount to £3,506,780 1s. 8d., which is £170,793 6s. in excess of the former. It is therefore right that I should show the committee in what way this larger expenditure has arisen. In the first place, the general services of the colony—that is, those which are embodied in the Estimates-in-chief—as originally estimated, amounted to £2,175,807 6s. 8d. Subsequently, however, the Government found it absolutely necessary to bring down two Additional Estimates, amounting together to £126,931 2s. 9d. £24,000 of that sum were for re-votes of appropriations of 1873, for roads, bridges, and other public works that had lapsed under the 17th clause of the Audit Act, in consequence of contracts not having been entered into until the present year. £50,000, or nearly so, was for roads and bridges and various other public works and buildings of an urgent and important character, and the remainder for services of a miscellaneous nature. Under the Estimates-in-chief and the Additional Estimates alluded to, the house sanctioned an expenditure of £2,274,548 9s. 5d., being £98,741 2s. 9d. in excess of my first estimate for these charges. Then there are additional special appropriations to the amount of £51,800. The large sum required under the head of revenue and receipts returned is chiefly for refund of deposits to conditional purchasers, whose selections my honorable colleague, the Secretary for Lands, could not approve. It will, I have no doubt, be still fresh in the memory of most honorable members, that the Superannuation Act Repeal Act of 1873 authorized the amount required to pay arrears of pensions and gratuities, and to refund to public officers the deductions made from their salaries under the original Act, to be raised by loan —£10,000 of such loan to be paid off annually from the Consolidated Revenue Fund. As, however, I had large balances increasing from various sources, I have not availed myself of the power to borrow, and thus a saving of interest has been effected during the last year to the extent, at least, of £5,000. I intend now, with the approval of the house, to make the whole of the payments under that Act a final charge against the surplus of last year, now brought into the account for 1874. These disbursements which, up to the 30th September last, amounted to £96,660 5s. 1d., are accordingly charged in this account, instead of the £10,000 referred to, and which was all I had charged in my former statement of estimated revenue and expenditure for this year. This gives therefore an additional charge of £86,660 5s. 1d. for this service alone, which will I trust meet with the approval of the committee. Like all other Governments, we find we cannot do without Supplementary Estimates. During the recess applications have come in from all quarters urging us to provide for all sorts of services which are represented to be of the greatest importance to the districts concerned. These applications have been considered by the Government, and only such submitted as appear absolutely necessary. The Supplementary Estimate for this year amounts to £93,591 18s. 2d. The following statement will show in a more concise form the increased charges against 1874 since I submitted the account in October, 1873; the charges were then estimated at £3,335,986 15s. 8d., to which we have to add additional appropriations for general services. as already explained, £98,741 2s. 9d.; further special appropriations, £51,800; charges under the Superannuation Act Repeal Act, further sum, £86,660 5s. 1d.; Supplementary Estimate, £93,591 18s. 2d.; making in all £3,666,780 1s. 8d. From this we have, however, to deduct the amount of appropriations not likely to be required, estimated at £160,000; showing thereby a total estimated net expenditure of £3,506,780 1s. 8d., which deducted from the aggregate credits on the other side leaves an estimated surplus of £694,046 18s. 5d., or an excess over my previous estimate of £185,414 12s. 10d. This result is so much beyond my own expectations, and beyond the expectations, I dare say, of the most sanguine member of the committee, that I should like to pause here for a few minutes in order to review the financial operations of the last four years. In doing so I intend to give only the ordinary revenue and expenditure of the years 1871, 1872, 1873, and 1874.

as also what may be termed the extraordinary expenditure for the same period. In 1871 the net revenue was £2,218,691 3s. In 1872 it rose to £2,794,224 7s. 7d. In 1873 to £3,323,229 19s. 6d. And for 1874 I estimate it will reach £3,457,977 So that in four years there has been, or rather will have been when the year is completed, received into the Treasury no less a sum than £11,794,122 10s. 1d.—an amount more than equal to our present public debt. The ordinary expenditure—In 1871 was £2,129,044 6s. 11d.; in 1872, £2,232,559 17s. 2d.; in 1873 (partly estimated), £2,724,052 4s. 7d; in 1874 (partly estimated), £3,052,994 16s. 7d.; making a total ordinary expenditure of £10,138,651 5s. 3d.; which deducted from the aggregate revenue of the same period gives the enormous surplus of £1,655,471 4s. 10d. Out of this surplus the following extraordinary payments have been made—In 1871 deficiency debt debentures were paid off to the amount of £100,000; in 1872 similar debentures to the extent of £46,700; the first instalment of the Railway Loan Act of 1867, £20,000; and Treasury Bills, issued on account of the deficiency debt, paid off on 9th May, 1872, £343,200: in 1873, second instalment of the Railway Loan Act of 1867, £20,500; in 1874, third instalment of same loan, £22,525; Treasury Bills, being the last of the deficiency debt, paid off on the 30th June last, £334,600; and payments under the Superannuation Act Repeal Act of 1873, to the amount of £96,660 5s. 1d.; making an aggregate sum of £984,185 5s. 1d., for extraordinary payments during these four years, leaving still a clear surplus of £671,285 19s. 9d., which added to the £22,760 18s. 8d. surplus on the account for 1870 and previous years, now brought into the account for 1874, makes up exactly the surplus I expect to have in hand at the end of the present year—namely, £694,046 18s. 5d. We have therefore, in these four years alone, paid off deficiency debts to the extent of £824,500; we have also paid off within the same period £63,025 of the debt incurred for railways, and we have paid £96,660 5s. 1d. to the Civil servants in settlement of their claims under the Superannuation Act of 1864. From this synopsis of revenue and expenditure it will be seen that while our revenue has risen from £2,218,691 in 1871, to £3,457,977 in 1874, or at the rate of 55½ per cent., our ordinary expenditure, which in 1871 was £2,129,044, only rose to £3,052,994 in 1874, or at the rate of 43½ per cent.; that is, our revenue has increased 12 per cent. more than our expenditure; a state of prosperity of which we may well feel proud. If time permitted I could show the committee that the greater part of our increased expenditure during the period referred to has been on public works of great utility and absolute necessity—all tending to foster the industries and develop the unbounded resources of the Colony. Having shown how rapidly the revenue has increased since the year 1871, I now desire to lay before the Committee some particulars connected with the revenue and expenditure of the Colony during the last three decades; that is, the period commencing with the year 1843, and ending with the year 1873, which cannot fail, I think, to prove interesting if not instructive and encouraging, inasmuch as they prove that, notwithstanding our severe losses through droughts, floods, diseases amongst cattle and sheep, rust in wheat, &c., the Colony has not only been progressing, but progressing at a very satisfactory pace. In 1843, when the population was 165,541, including, it must be remembered, both the Port Phillip and Moreton Bay Districts, now the flourishing Colonies of Victoria and Queensland, the revenue was £350,891 4s. 2d., or at the rate of £2 2s. 4½d. per head of the population. In 1853, after we had lost the Port Phillip District, it had increased to £791,573, with a population of 231,088, which gives £3 8s. 6d. per head. In 1863, when we had also lost the Moreton Bay District, and when the population had reached 378,934, the revenue was £1,534,187, a rate equal to about £4 0s. 11½d. per head. In 1873, when the *ad valorem* duties were in force, and with an estimated population of 560,275, it reached the large sum of £3,323,229 19s. 6d., or £5 18s. 7d. per head. So that in thirty years our revenue has risen from £350,891 to £3,323,229, and our population from 165,541 to 560,275. With regard to our expenditure, I find that throughout these

three decades it has kept close upon the heels of our revenue; indeed, at the commencement of the last decade outstripped it to such an extent that the ingenuity of several Treasurers was severely taxed to overtake and keep it within proper bounds. In 1843 the expenditure was £369,490, or £2 4s. 7½d. per head. In 1853, £693,957, or £3 0s. 0½d. per head. In 1863, which was the first great deficit year, it was £1,869,486, equal to £4 18s. 8d. per head. In 1873, although it had increased to £2,744,552, I am glad to find that the rate per head is only £4 18s., which is rather under that for 1863, and I have no doubt that as our population increases in like proportion will our expenditure per head decrease. Let us now see what proportion taxation proper bore to the population of the colony during each of those years: In 1843 the amount raised by taxation was £252,888, or at the rate of £1 10s. 6d. per head; in 1853 it was £443,381, or £1 18s. 4d. per head; in 1863 it was £819,718, or £2 3s. 3d. per head; and in 1873, which included what we may term the deficit tax, it amounted to £1,428,231, or £2 10s. 11¾d. per head. Allowing, however, for the deficit tax, that is the *ad valorem* duties now repealed, that rate per head would be reduced by 7s. 8½d., thus reducing the amount to £2 3s. 3¼d., or within a penny of what it was in 1863,—a state of matters more favourable than could have been anticipated, when we consider that there were no Stamp Duties in 1863, while in 1873 we received under that head £94,630, a tax equal to 3s. 4½d. per head. The cost of collecting the Customs was £8 3s. 1d. per cent. in 1843, £5 15s. 10½d. in 1853, £3 19s. 3¼d. in 1863, and £3 0s. 5¼d. in 1873. This year it will be considerably more, in consequence of there being no *ad valorem* duties to collect; probably the charge of collection will be somewhere about £3 15s. per cent., a rate very much less than that of any of the years I have been dealing with, excepting last year. It may not be without interest here to state that, at the close of 1873, the total population of all the Australasian Colonies was 2,136,129; the total revenue £11,174,887; the proportion of that revenue raised by taxation, £5,626,881; the rate of taxation per head of the population, £2 12s. 7d.; the total value of the trade, as shown by imports and exports, was £84,908,585, or £39 15s. 1½d. per head; the rate of taxation in this colony per head of the population was £2 10s. 11¾d., so that we are below the average of the whole; and the total value of our trade £22,904,217, or at the rate of £40 16s. 10d. per head, or above the average of the whole. This brings me to the most important question, namely, the disposal of our surplus. For many years past the great difficulty with my predecessors was how to provide for deficits, and how to make ends meet. To dispose of our surplus revenue, although not such an unpleasant task, is nevertheless one that is surrounded with many difficulties. In England the Chancellor of the Exchequer would seize with avidity the opportunity thus presented for remitting some of the most obnoxious taxes; but honorable members must be aware that no fair comparison can be established between the revenue of Great Britain and that of this Colony. Here not one-half of our income is derived from taxation—there almost the whole is raised in that manner. In England the innumerable branches of industries which are supporting the great masses of the people are permanent and expansive, while in this Colony, as in all other Colonies, our manufacturing industries are in their infancy. As our prosperity as a community, and of course our national income, is to a great extent dependent upon our seasons, it would be worse than folly, in my opinion, for any Treasurer or any Government to propose the remission of proper taxes so long as more than one-half our income is derived from sources other than taxation, which are liable to fluctuate to the extent of hundreds of thousands in a single year. Nor must it be forgotten that only last year we abolished the *ad valorem* duties, the postage charge on newspapers, and the tonnage dues, amounting in all to about £220,000. We cannot, therefore, be charged with retaining unnecessary taxation. It may be said, no doubt, that our increased revenue is derived chiefly from the sale of our lands, and that the time may come when we shall have less revenue from that source. Whilst admitting that a very large amount has been received during the last two or three years from our national

estate, it is a remarkable fact that the expenditure fairly chargeable against the land has been equally large. In connection with this subject I have taken the trouble to ascertain the relation which such expenditure bears to the land revenue, the result of which is embodied in a statement I will lay on the table and move that it be printed. This statement shows the land revenue of the Colony from 1860 to 1873, both years inclusive; the expenditure properly chargeable thereon during each year of that period, and the annual surplus or deficiency of such revenue. In compiling this information great pains have been taken to arrive at correct results. The revenue, for instance, given therein, is the net revenue only—that is the gross revenue reduced by refunds for cancellations, &c. I have also excluded the revenue derived from the gold fields, as that would have rendered the statement much too complicated. The following are the amounts received under each head during the fourteen years embraced in this return, namely:—Sales by auction produced £1,832,232 4s. 2d.; selections after auction, £470,849 11s. 8d. Conditional purchases:—deposits, £1,167,118 12s. 6d.; balances paid up, £199,689 19s. 6d.; interest, £244,635 11s. 4d.; rents and assessment on pastoral runs, &c., £3,005,935 0s. 9d.; making a grand total of £6,920,461 6s. 11d. The expenditure which I have included in the statement as chargeable against this revenue is of course of an arbitrary nature, that is, it has been selected and arranged according to my own judgment, and can therefore be received only as the approximate charge. The survey, sale, and management expenses are of course a primary charge. To these I have added the expenditure out of the Consolidated Revenue Fund for immigration purposes. Then I have charged all expenditure connected with the construction and maintenance of roads and bridges, as by these works the value of our public domain has been improved and sales promoted. The last charge is the interest on our public debt, less the surplus revenue of our railways and telegraphs. The following are the charges under each of those heads during the period referred to, viz.:—Survey, sale, and management expenses, £1,374,466 0s. 6d.; immigration, £101,787 17s. 10d.; roads and bridges, £2,258,663 13s. 2d.; interest on public debt (in part), £3,596,392 2s. 1d.; thus showing a total expenditure during these fourteen years of £7,331,309 13s. 7d., as against a revenue of £6,920,461 6s. 11d., which leaves, according to this arrangement, a deficiency of £410,848 6s. 8d. It is not necessary that I should take up the time of the committee in stating the annual surpluses or deficiencies which result from this method of dealing with the land revenue, as the statement which I shall shortly place in the hands of honorable members will enable them to ascertain these at a glance. If the result shown by this document is accepted as an approximation to what I have been anxious to arrive at, it will then be apparent that neither this Government nor any former Government can be charged with having used the land revenue to meet expenditure which rightly should be defrayed out of revenue derived from taxation. If the land revenue continues to increase at the rapid rate it has been doing of late years, we shall have instead of deficiencies, large surpluses. In view of this I have had another statement prepared, in connection with which I intend to found a scheme for creating a fund for the liquidation of the public debt. This second statement is with respect only to conditional purchases under the Crown Lands Alienation Act of 1861. That Act, which was passed on the 18th October, 1861, may be said to have come into operation at the beginning of 1862. Under its provisions land can be selected anywhere and taken upon the payment of 25 per cent. The balance, 75 per cent., is not payable until the end of the third year from date of selection, and not even then if interest at the rate of 5 per cent. per annum be paid from and after that date. These, I think, are the main features of the clauses referring to conditional purchases. Well, from this statement, I find that between the 1st January, 1862, and the 31st December, 1873, there was paid into the Treasury for deposits alone the sum of £1,259,395 16s. 11d. During the same period, however, deposits were refunded to the amount of £92,277 4s. 5d., which reduced these receipts to £1,167,118 12s. 6d. The

balance of 75 per cent on this sum amounts to £3,501,355 17s. 6d., of which £199,689 19s. 6d. was paid prior to the close of 1873, leaving then the large balance of £3,301,665 18s. yet to be paid up by conditional purchasers. The interest paid up to the same date amounted to £244,635 11s. 4d. Before stating the nature of the scheme referred to, I desire to make a few remarks with respect to our public lands, as these bear materially upon the subject. From a statement furnished by the Surveyor General I find that the whole area of the Colony as it now exists is 192,410,000 acres,—an area nearly equal to that of France and Great Britain together. Of that area there have been alienated up to the presnt time, by free grants, sales by auction, selections and conditional purchases—completed as well as uncompleted—15,803,510 acres, or scarcely one-twelfth of the whole, leaving still unalienated the enormous area of 176,196,490 acres. Even at the great annual rate at which sales of land have been going on during the last two or three years, our territory would not be wholly alienated within the next hundred years. We have thus in the public estate alone, after all the necessary expenses of management are deducted, sufficient to provide for the payment of both interest and principal of our public debt for at least half a century to come, and leave to posterity even then a very fair share of the waste lands of the Colony to dispose of as they think best. Of the alienated lands 7,339,000 acres were disposed of prior to the present land law coming into force, and 8,464,510 acres subsequently. With respect to our present *unalienated* estate, there are 151,420,000 acres under squatting lease, at a total yearly rental of £186,545 4s.; 10,800,000 acres are under annual lease, the rents from which amount to about £35,000; 545,000 acres is the area of runs not let, the probable annual value of which is stated to be £320; and there are vacant Crown Lands in the pastoral districts to the extent of 2,350,000 acres, the supposed annual value of which is £1,430. Besides these vacant pastoral lands, there is the large area of 11,491,490 acres in the nineteen counties of the settled districts entirely unoccupied, that is, neither alienated nor under lease. This area embraces rocky mountain ranges, and land under water, &c., but much of it containing coal and other minerals of great value. Taking our pastoral lands as a whole, there appear to be 165,115,000 acres, producing at present an annual revenue of £223,295 4s. Of this pastoral property I am informed that 3,283 runs, with an area of 109,140,000 acres, and producing a rental of £160,024, are east of the Darling; and on the other side, or west of that river, which many persons believe to be the western boundary of the colony, there are no less than 42,280,000 acres, divided into 961 runs, that give us a rental of £26,521 4s. With such a magnificent domain there does not appear much cause for anxiety about the public debt; but as all prudent Governments should provide for the eventual liquidation of their engagements, I will now invite the attention of the Committee to the scheme or proposition for creating a fund for the liquidation of the public debt, which I intend to submit to the House, and it is this—that in the month of January of every year the balances paid into the Treasury by conditional purchasers during the year preceding, whatever the amount may be, shall be invested in the manner deemed most advantageous for the public interest, and most readily convertible when money is required for the purposes intended. In addition to future payments of this nature I intend to ask authority for appropriating out of the surplus of this year the whole of the payments made up to the 31st December, 1873, which amount to £199,689 19s. 6d., together with the amount received and yet to be received during the present year, which I estimate at £41,539. These two sums, amounting together to £241,228 19s. 6d., will form a very fair commencement. As already stated, the balances on conditional purchases at the end of 1873 amounted to £3,301,665 18s., but only about one-half of that sum was then due, as the balances are not payable until the end of three years from the date of purchase. The amount which my honorable colleague the Secretary for Lands expects we shall receive next year from free selectors in the shape of balances is £40,000, which, with the amount already referred to, would, at the close of 1875,

enable us to invest the large sum of £281,228 19s. 6d. In proportion to the prosperity of conditional purchasers will be the balances paid up, so that while we may receive in some years a large amount, in others there may be a considerable falling off. During the nine years in which these balances have been payable, I find fluctuations which can only be accounted for on some such grounds. For example,—in 1865, the first year balances became due, the sum of £34,393 17s. 1d. was paid. In 1866 the amount fell to £22,994 6s. 6d.; in 1867, to £13,382 19s.; and in 1868, to £10,601 17s. 5d. After that, the payments began to increase gradually, but with the exception of last year, when we received the sum of £38,354 0s. 4d., no year has equalled the first. Some honorable members may say it is absurd to create a sinking fund such as that described so long as we are borrowers. Why, say they, do you go into the English market and borrow money, which will cost you from four to five per cent., when at the same time you are investing hundreds of thousands in the colony at a much lower rate of interest? Would it not be more economical to apply your surpluses to the construction of railways and other public works for which we usually borrow money than to invest in the manner proposed? Well, I admit there is some show of reason in this view of the matter, but we all know from experience, private as well as public, how prone we are to expend to the utmost extent of our means, and that when not actually compelled to save we will in all likelihood never attempt to do so. I am therefore very much afraid we should soon find we had no surpluses to expend upon railways or other works of a reproductive character, as applications would come pouring in from every quarter for grants for services of but little general benefit, which it would be difficult to refuse so long as we had money enough and to spare. We have not yet tried a sinking fund, and unless done now such another opportunity may not soon again occur; and it would, in my opinion, be such a guarantee to the public creditor as could not fail to enhance the value of our public securities. In addition to setting aside out of the surplus of this year the balances paid up by conditional purchasers as a fund for the liquidation of the public debt. I intend to apply a sum of £261,000 for the purpose of rectifying, now that we have the means of doing it, a matter connected with the payment of interest on our loans, which I have long considered an anomaly in our system of accounts. It appears that, ever since the commencement of our public debt, the interest payable on the 1st January and 1st July has been considered as the amount chargeable to the year in which such payments are made. So long as our loans were for small amounts, and raised in the Colony, no great inconvenience was experienced from this arrangement; but when we began to raise large loans in the English market, and had to make provision for the payment of the interest there, some months before it was due, it became but two apparent that the system hitherto in operation was not adapted to such altered circumstances. Independent, however, of this, the principle upon which the interest is now charged is decidedly wrong. For example, under the present arrangement, the interest payable on the 1st January next is made a charge against the revenue of 1875, although not one penny will then have been received to meet such a charge. But the interest due on that date is not fairly chargeable to the year 1875, inasmuch as it accrues during the present half-year. and should therefore properly form a charge against the revenue of 1874. In accordance with this view, and with a desire to have the question settled upon a right principle for the future, I purpose charging in the year 1875, three half-years' interest on the public debt; that is,—the interest which falls due on the 1st January next, and amounts to £261,000, I will make a charge against the surplus of 1874, which I have carried, for sake of convenience, into the account for 1875; the interest which falls due on the 1st July, 1875, and the first January, 1876, will then form a charge against the revenue of the year 1875. There is yet another liability which I intend to pay out of the surplus of this year, and that is £51,500, the last instalment of debentures issued under the Act 29 Victoria No. 5, which has to be paid off on the 1st June, 1875. The debentures

issued under this Act, to the amount of £300,000, were for the purpose of retiring Public Works Debentures to a like amount, the previous instalments having been provided for by new loans as they became due. In 1876 debentures fall due to the amount of £735,800, nearly one-half of which will, I hope, be paid from the Sinking Fund, and the other half probably out of the surpluses of 1875 and 1876. No portion of the debt falls due after that for twelve years, unless those issued by the late Sir Stuart Alexander Donaldson in 1857 to the amount of £240,830, which, although interminable, the Government have the option of paying off in the year 1882. During these twelve years, therefore, I feel satisfied the Sinking Fund, if carried out in the manner I have described, will have accumulated to nearly a million and a half of money, and that too without any perceptible diminution of our income or any sacrifice on the part of the public. Some honorable members may have expected that I would propose even larger sums than those mentioned for the liquidation of the public debt, but it must be borne in mind that until the close of the year I cannot be quite certain that the surplus will actually exist to the extent I have estimated. As already stated, however, I have every reason to expect that my estimate will be fully realized, but so long as there exists the slightest doubt with respect to it, I would not feel justified in making any further proposition for its disposal. Practically, we have been employing for some time past a large portion of the cash balance at the credit of the Consolidated Revenue Fund on public works of a reproductive and permanent character, for pending the sale of debentures we have transferred temporarily to the Railway Loan Fund, 36 Vic. No. 17, £215,000, and to the Public Works Loan Fund, 38 Vic. No. 2, £150,000, or together an advance of £365,000. Of course when the loans authorized by these Acts have been negotiated this advance will be repaid. In the meantime, however, we are saving a large amount of interest by utilizing in this way a portion of surplus balances. On the 30th September last the balances at the credit of the following accounts, according to the books of the Treasury, stood thus:—Consolidated Revenue Fund, £616,856 17s. 10d.; Old Loans Account, £273,593 7s. 11d.; Special Loan Funds, £310,127 16s. 11d.; Trust Fund, £669,770 10s.; making an aggregate balance of £1,870,348 12s. 8d., which was represented by cash in the Bank of New South Wales, Sydney, £1,021,691 6s. 1d.; cash in the London Branch of that establishment, £477,894 3s. 5d.; securities in the Treasury Chest, £370,763 3s. 2d.; together amounting to £1,870,348 12s. 8d. For greater details of these accounts, I beg to refer honorable members to the statement of balances with Ways and Means, from which it will be seen that the amount which should have been at the credit of the Consolidated Revenue Fund but for the advances made to the two Loan Funds I have referred to, is £981,856 17s. 10d. Before leaving this part of my subject, I may as well inform the committee of the agreement lately made with the bank with respect to interest on the public account. The question has been asked whether the Bank of New South Wales has any right to a monopoly of the Government business, and the reply is certainly not, beyond the fact that the business of the Government has been conducted very satisfactorily by that bank for many years, and there are advantages in dealing with a large institution which could not so readily be obtained in those of less importance. When I became Treasurer, I found in existence an agreement with the bank under which it was entitled to the whole of the Government business, on condition that interest would be paid on £100,000 of our cash balances. That agreement expired on the 30th June, 1873, and I then continued it for a further period of three years, with this difference—that the bank should allow interest on £550,000, which was all that I then estimated I could leave undisturbed for any reasonable period, and that the question of interest should be reconsidered at the expiration of twelve months. When that agreement for interest expired, on the 30th June last, I arranged with the bank to allow 4 per cent. interest on £130,000, and 3½ per. cent on £550,000, which, with the £200,000 upon which interest is paid under the general agreement, makes a sum of £880,000, upon which we are now receiving interest in addition to interest

on the whole amount which we have in London. I could, no doubt, have distributed a portion of this amount in June last amongst other banks, but I might have experienced some difficulty in placing the whole on such favourable terms when it is remembered that it is liable to be called up at any moment. When our loans are launched, which must be at an early period, and which are not included in the bank agreement, it is my intention to offer whatever we can spare of these funds to other banks, but I have not thought it desirable to break up the agreement with the Bank of New South Wales for the general account, while the business is so well conducted by that institution. Having thus disposed of all matters relating to the financial operations of 1873 and 1874, I would now direct the attention of the committee to the account of estimated revenue and expenditure for the year 1875, which will be found on pages 14 and 15 of Ways and Means, while I endeavour to explain it in as few words as possible. Following the order I adopted with the other accounts, I will commence with the credit side. The first entry here, it will be observed, is the estimated surplus of 1874, namely, £694,046 18s. 5d. brought forward. The next and only other item on this side is £3,519,240, the estimated probable revenue of the year 1875. As this amount is only £61,263 in excess of my estimate of the revenue of 1874, comment is almost unnecessary; nor would it be any advantage were I to give the increases and decreases under each head of receipt, as by a reference to the Abstract Revenue Statement, marked A, page 17, honorable members can readily ascertain what these are likely to be. In fact, except under the heads of customs, land revenue, railway receipts, and postage, the amounts differ little from those of the present year. It will be necessary to bring in a bill at once to renew the Stamp Act, which expires on the 31st December next. This Act was passed in 1865, and for the five years ending with 1870 it produced about £63,000 per annum; in 1871, the revenue was £77,500; in 1872, £94,298; in 1873, £94,629; and this year, up to 30th September, £75,732. The cost of collecting this revenue is not more than 2 per cent. The stamp revenue has suffered considerably by the Postage Duty Stamp Act, which authorized the use of 1d. postage stamps for duty purposes. The revenue from 1d. duty stamps before the Act passed was £2,300 per quarter, but after that it fell to £300 per quarter. The assessment on the bank note circulation has produced within ten years £132,639 5s. 7d., and will this year reach £20,000. On turning to the debtor side of this account, it will be seen that I have charged against the surplus of 1874 the various sums I have just been explaining to the committee. The first of these is £261,000 interest on the public debt for the half-year ending 31st December, 1874, due on the 1st January, 1875. The second item is £199,689 19s. 6d., amount of balances paid up by conditional purchasers from the commencement to the 31st December, 1873, which I intend to appropriate, with the approval of the house, towards the liquidation of the public debt. The third item is £41,539, the amount of such balances I expect to receive during the present year, and which I also intend to appropriate for a like purpose. The fourth and last item of these charges is £51,000, the last instalment of debentures issued under the Act 29 Victoria No. 5, which falls due 1st June, 1875. After these four charges, which amount to £553,728 19s. 6d., have been paid from the surplus of 1874, there will still remain a balance of £140,317 18s. 11d. to be carried forward. We now come to the charges proper to the year 1875. These, it will be observed, amount to £3,423,461 5s. 11d. This amount however includes a sum of £40,000 for balances expected to be received during next year from conditional purchases, which I purpose appropriating towards the formation of the fund for the liquidation of the public debt. The proposed expenditure, deducted from the estimated revenue of 1875, leaves a balance of £95,778 14s. 1d., which with the balance of £140,317 18s. 11d. on the 1874 surplus will give us at the end of 1875 an estimated balance of £236,096 13s., as shown by the account now under review. As the Estimates for 1875, laid on the table last night, are so much in excess of those of 1874, I dare say the committee will expect that I should say something in justification of the proposed increased expenditure. This I

willingly do, feeling confident there are no items on the Estimates which cannot be defended on the ground that the expenditure is either for the improvement of the public service or the advancement and welfare of the Colony. It is not, however, always right to reduce expenditure. There are some claims which all Governments are bound to recognize, and the claims of the Civil Servants are fully entitled to consideration. The Government have made some increases in the present Estimates, but in examining the cases submitted to them they cannot help feeling that there are many instances of hardship which can only be satisfactorily dealt with by a Civil Service Bill, and if this Government remain in power such a Bill will be one of the first measures submitted to the new Parliament. The expenditure of 1874, as sanctioned by the house last session, amounts to £3,090,127. The Estimates for 1875, now submitted, amount to £3,383,461, thereby showing an increase of £293,334. In accounting for this large sum I shall confine myself to the principal items of increase, as it would take up too much of the time of the committee to go into minute details. The first large increase is in the estimates of the Minister of Justice and Public Instruction; and there I find that he proposes an increase on last year's vote for Public Instruction of £60,000—an increase which I am satisfied the House will cheerfully sanction. In the departments under my own charge there are no increases of any importance; in fact my estimates, as a whole, for next year, are, if anything, under those of 1874. On coming, however, to the departments under the charge of my honorable colleague the Minister for Lands, I find the increases are very considerable. This of course was to be expected, as the large areas of land which are now being alienated involve a heavy outlay for survey. Indeed, I am informed by my colleague that a much larger staff would be employed if the men could be obtained; but as the demand for surveyors and draftsmen is quite as great in the neighbouring Colonies as here, he has to be satisfied with those he now has. The increases on this estimate alone amount to £71,846, nearly £60,000 of which are connected with the survey of lands. Then the Mining Department, which was not fully organized until about the middle of the present year, shows an increase, as compared with last year's appropriations, of £11,797. The estimates of the Secretary for Public Works show an increase for the construction and maintenance of roads and bridges of no less a sum than £57,536. In 1875 my honorable colleague intends to spend, with the sanction of the House, of course, over half a million of money on public works, including the construction of a number of bridges in all parts of the Colony. In the railway estimates there is an inevitable increase for working expenses of £23,000. in the Post Office, an increase of £31,000; chiefly for conveyance of mails and the establishment of additional branch post-offices; and in the Telegraph Department, an increase of £6,000, consequent upon the extension of our lines. Then under head of Special Appropriations there is an increase of £29,000 for the refund of land revenue. The various increases to which I have referred amount to £290,179, all of which I feel satisfied must meet the approval of honorable members. I may, however, remind the committee that the increases under the heads of lands, railways, Post Office, and telegraphs, will be covered, or nearly so, by increased receipts from these departments. On referring to the Loan Account, at page 74, it will be seen that I have not availed myself of the power to borrow under the Railway Loan Act of 1873 for £1,901,500, or the Public Works Loan of 1874 for £806,200. The works provided for in these Acts are proceeding as rapidly as it is possible, and all the funds required have been found from balances which the Government had available on the Public Account. The country has thus been saved a heavy charge for interest, and it will be my desire to operate under these loans in such a way that we shall only pay interest on the money as it is absorbed by the works authorized, I cannot, however, much longer delay, as we have accepted very heavy contracts, which are now in progress, and upon which considerable amounts will fall due early next year. Our funded stock has been taken up to the extent of £445,468 8s. 5d., and there remains only £64,311 11s. 7d. of the loan unabsorbed. We have sufficient

money available in trust funds to take up the whole of this balance, but I have thought it better to leave the fund open to the public, who are taking advantage of it for trust purposes. It is hardly necessary to add anything to the statement now made—the facts and figures speak for themselves; but before concluding I desire to recapitulate the principal features of my statement. I think I have proved in various ways that, as a Colony, we are in a prosperous and progressive condition—that our resources are being gradually developed—that our wealth as a community is rapidly increasing—that our railways, our telegraphs, and our postal communication are steadily pushing their way into the interior, and supplying the wants of an enterprising and persevering class of Colonists. That our public revenue (the sure index of general prosperity) has exceeded not only my estimate but my most sanguine expectations. That during the last four years our ordinary income has exceeded our ordinary expenditure by the enormous sum of £1,655,000, and that out of that we have paid off all our deficit debt as well as £63,000 of our railway debt, and a sum of £96,000 in settlement of the claims of the Civil Servants under the Superannuation Act of 1864, and that at the end of this year we shall still have a surplus of nearly £700,000. I have submitted a scheme for the gradual extinction of our public debt, without resorting to any of those antiquated and unsuccessful plans so repeatedly tried in other countries. I have explained to the Committee in what way I propose to place the payment of the interest on our loans upon a sounder footing for the future, and that out of the surplus of 1874 I intend to pay off public works debentures to the extent of £51,500, which mature in 1875. I have also, I hope, accounted satisfactorily for the additional expenditure proposed for 1875, and shown that, after providing for that, and all the necessary services of the Government, I expect a surplus at the end of next year of £236,000. I have to thank honorable members for the patient hearing they have accorded to what, at best, is but a dry subject. It is fortunate for me, however, that the results which I have had the honor of submitting to the committee disclose a state of financial prosperity which requires no oratorical embellishments to make those results attractive to the house and the country, and my only hope is that, whoever may occupy the important position I now hold, will be enabled to disclose a state of affairs equally encouraging in years to come.

NEW SOUTH WALES.

The Financial Statement of the Honorable William Forster, made 2nd April, 1875.

LEGISLATIVE ASSEMBLY.

2nd April, 1875.

FINANCIAL STATEMENT.

Mr. FORSTER, in moving,—"That there be granted to Her Majesty the sum of £20 12s. 2d., towards defraying sundry expenses incurred in connection with the Infantry Permanent Force, which has been disbanded"—said,

Mr. Chairman, honorable members might well suppose that I have not been in a very comfortable state of mind for the last hour or two, and I may express my regret at feeling myself compelled at this late hour of the evening, under some degree of impediment, to trespass upon the attention of honorable members upon a subject—necessarily a dry one—in a speech which promises to be somewhat long, as it is impossible for such a speech not to be; but I think it so important to expedite the public business that the expediting of the business itself is of more consequence than any information that I may have to convey, so that I consider it right to go on, in spite of these disadvantageous circumstances. Honorable members will pardon me in appealing to the indulgence of the committee for any trivial errors I may make from ignorance or inexperience in the somewhat novel road I am walking along. I shall be probably told that I am a very severe critic myself upon others, and that I am not entitled upon that account to much consideration. I do not ask pardon or indulgence for any gross errors, or incapacity, or gross ignorance, but I think it is desirable that duties of this kind should not be confined to a clique or to a class. Therefore when they do devolve upon some one who, like myself, appears to be exposed to the disparagement of being told that I know nothing about figures, it is to the public interest and to the advantage of representative institutions that every degree of at least venial indulgence should be allowed to any one who undertakes a duty of this kind, under these circumstances. The task I have to perform divides itself, naturally, into two branches. One is what may be called the financial statement proper of the finances of the country; the other, of course, involves a statement of some sort of policy or intentions on the part of the Government. I am in the happy position of having had the first branch of this task already performed for me in a considerable degree. My honorable friend, if I may call him so, who preceded me in this office, has already, in a lucid speech, made the Colony acquainted with the state of our finances, and all I have to do with this branch is to supplement the information which he conveyed. The statement I have to make then is, properly speaking, a supplementary statement, that begins where my predecessor ended. I find it necessary to enter into details which are almost repetitions, because the circumstances under which the statement is made have altered; because in the meantime a number of estimates have been verified, and because a number of appropriations and public requirements have sprung up in the meantime. But at the same time I hope that the House will see that the position I am placed in is that of one making a supplementary state-

ment. If I am required to make an independent statement derived from sources I have handled from the commencement, it will be on another occasion, and in another session, if the present Government should be fortunate enough to remain in office so long. I am about, in conveying the information which it is my duty to convey to the House, to introduce a slight innovation upon the practice of my predecessors, who indeed fell into a practice which was itself an innovation upon the practice which preceded them. Some of my predecessors, for the last three or four years, have got into the habit of reading printed speeches to the Committee, and I am willing to admit that a good deal of advantage existed in that practice. No doubt the information conveyed was always of an important kind, and by the printing of the speech beforehand it was invested with a somewhat more deliberate character than if entirely impromptu. But it seems to me to have been an infringement of the rules of the House, and although I have never objected to the practice, and have been perfectly willing to leave them entirely to follow their own courses as to their mode of communicating information, I am still unwilling to follow the practice in its extreme form. I do not imply any kind of censure upon the course taken by those honorable gentlemen, and I am quite sure, from the eloquence of the honorable gentleman who preceded me, that it was not from want of powers of expression or language that he adopted that course. Those gentlemen were evidently forced into that practice by the circumstance that the greater part of the information they had to convey—at least that which relates to the branch I am now considering—was derived from official sources, and, although enlisted by the Treasurer, and at his command to dispose and arrange as he pleases, were still in the strictest sense substantially official information. I am quite sensible of the advantage of putting this official information in a printed form before honorable members, and I have adopted the expedient of having appended to the Ways and Means a printed statement, which I have termed an explanatory statement of the public accounts of New South Wales, as embodied in the Ways and Means for the year 1875. This report or statement will convey to the House, in conjunction with the Ways and Means, an explanation and analysis of the Ways and Means themselves. It will in fact be placing before the House pretty nearly the same kind of information which was conveyed in the first part of the printed speeches of my predecessors. Of course I do not in any way desire to avoid the responsibility of placing this statement before honorable members. I desire to be considered responsible for all the statements contained in this explanatory report. But at the same time I shall treat it as a public document in the address I have to deliver; and although I do not propose to read every portion of it, as it will presently be in the hands of honorable members, they will be able to supply any hiatus. I still propose to read a very great portion of it, and to refer to it as I would to any other printed document, and enable it so to be embodied in the address I have to make. These are all the preliminary remarks which it is necessary for me to make. I now come to deal with the Consolidated Revenue Fund. The statement submitted to Parliament in November last, by the late Treasurer, Mr. Lloyd, exhibited the actual and estimated revenue and expenditure of the Consolidated Revenue Fund for three successive years under the following accounts, namely:—1st. Revenue and expenditure for the year 1873. 2nd. Actual and Estimated Revenue and Expenditure for 1874; and 3rd. Estimated Revenue and Expenditure for 1875. In consequence, however, of the dissolution of Parliament a short time after that statement was submitted, and the formation of another Government immediately after the meeting of the new Parliament in January last, it has become necessary to carry the two former accounts on to the 31st December, 1874, and revise the account for the year 1875. The present Ways and Means are, therefore, simply a continuation, to a later date, of those submitted in November last. The account for 1873, which is again submitted because many of the services provided for in that year are not yet completed, remains in much the same condition as when submitted in November, 1874. Then the surplus

was stated to be £720,089 1s. 5d.; now it is shown by the present account to be £720,472 5s. 3d., or only £383 3s. 10d. in excess of the former amount. This difference is owing to the present supplementary estimate for 1873 being to that extent less than the estimate of November last. In the detailed statement of appropriations and expenditure for 1873, attached to the Ways and Means of November, it was shown that the appropriations for that year, exclusive of the Treasurer's advance account, amounted to £2,881,578 15s. 5d.; and the expenditure therefrom up to the 30th September, 1874, to £2,638,644 16s. 1d., leaving a balance on that date of £242,933 19s. 4d.; of this balance, appropriations, estimated as not likely to be required, were written off to the extent of £140,726 16s. 3d., thereby leaving for future issue £102,207 3s. 1d. The payments made out of this sum between the 1st October and the 31st December last amounted to £21,824 4s. 1d., leaving on the latter date a balance of £80,382 19s. for issue as required during the present year. This amount has been retained, as will be seen by a reference to the statement marked B, at page twenty-one of Ways and Means, chiefly for expenditure on public works and buildings and in the construction of roads and bridges. Until these services are completed it would be difficult to say what further savings may arise on the appropriations of 1873. It is however anticipated that by the time the next financial statement is submitted these additional savings will have been accurately ascertained, and the account for 1873 finally closed. The account for 1874 submitted with the Ways and Means of November last was necessarily composed of both actual and estimated revenue and expenditure. The charges against the year 1874 as then shown amounted to £3,506,780 1s. 8d.; the revenue for the nine months ending 30th September amounted to £2,376,822; and it was estimated that the last quarter of the year would yield £1,081,155, thus making for the whole year a total of £3,457,977. To this was added the surplus of the year 1873 brought forward, viz., £720,089 1s. 5d.; and the cash balance at the credit of the Deficiency Loan Account for 1870 and previous years, reserved for the purpose of meeting in part the Treasury Bills which fell due in June, 1874, £22,760 18s. 8d., making together a total available credit of £4,200,827 1d.; deducting therefrom the expenditure above stated, viz., £3,506,780 1s. 8d., there was left an estimated surplus of £694,046 18s. 5d. In the account now submitted, actual instead of estimated figures are given in all but two instances. The authorized expenditure for 1874, including the Treasury Bills paid off in June last, and the payments made under the Superannuation Repeal Act of 1873, amounts to £3,574,084 2s. 5d. From this sum is deducted the amount of appropriations now estimated as not likely to be required, £200,000. And the amount of the vote taken to enable the Treasurer to make advances to public officers and for other purposes, which will not ultimately form a charge on the revenue, viz., £60,000 making together £260,000, thereby reducing this expenditure to £3,314,084 2s. 5d. Honorable members will see by these remarks that the accounts for 1873 are substantially the same as those laid before the House by my honorable friend the late Treasurer. To this has however to be added the amount of the supplementary estimate recently laid on the table of the Legislative Assembly, namely £129,888 5s. 2d., which brings the expenditure chargeable to 1874 up to £3,443,972 7s. 7d. The net revenue of the year was £3,506,123 10s. 1d., or £48,146 10s. 1d. in excess of the estimate made in November. This shows to what extent and in what way the revenue has constantly increased. Of course as it would be impossible for me or my honorable friend to estimate exactly the amount of revenue to be received, it was perhaps better to under-estimate than over-estimate it. But taking my honorable friend to be, as every one will admit he is, as good a judge as any one could be under the circumstances, as to what the revenue was likely to be, I take it that this increase upon his estimate may be taken, not as any censure upon him or want of judgment on his part, but as a proof of the increasing prosperity of the Colony. To this revenue has to be added, as before, the surplus from the account for 1873, now ascertained to be £720,472 5s. 3d.; and

the cash balance at the credit of the account for 1870 and the previous years as above explained, £22,760 18s. 8d., making a total credit of £4,249,356 14s. If from this be deducted the authorized and estimated expenditure above shown, viz., £3,443,972 7s. 7d., there will remain a surplus of £805,384 6s. 5d., which is £111,337 8s. in excess of that previously estimated. The following statement will show how this difference arises:—Additional credits of 1874—Surplus from account for 1873 in excess of that shown in the Ways and Means of November last, £388 3s. 10d.; actual revenue of 1874 in excess of estimate then made, £48,146 10s. 1d.; present estimate of appropriations of 1874 not likely to be required in excess of that previously made, £100,000; making together a total additional credit of £148,529 13s. 11d. *Less*—Further charges against the year 1874—special appropriations, £852 13s. 10d.; refunds under the Superannuation Act Repeal Act of 1873, £43 5s. 1d.; supplementary estimate for 1874 in excess of that submitted in November, £36,296 7s.; making together a total further charge of £37,192 5s. 11d.; which deducted from the additional credits gives the difference, £111,337 8s. above mentioned. The larger estimate now made of appropriations of 1874 not likely to be required is rendered necessary in consequence of so many of the votes of last year having lapsed under the Audit Act of 1870 before the services for which they were granted were completed, or indeed in some cases even before they were commenced. Under that Act all appropriations of Parliament lapse on the 31st December, unless contracts or agreements have been entered into before that date for their expenditure. The late period of the year at which the Appropriation Act of 1874 was passed, and the difficulty of obtaining suitable labour, are the principal reasons why these conditions have in so many instances not been complied with. It has therefore become necessary to place the lapsed votes of 1874, which in the aggregate amount to over £100,000, on the Estimates-in-Chief for 1875, for the purpose of having them revoted, in order that the services may be carried out as originally intended. This arrangement creates, of course, a charge on the year 1875, which properly belongs to 1874, but by cancelling or writing off appropriations of the latter year to a like amount a larger surplus on that year is produced, which, when carried into the account for 1875, becomes available to meet the expenditure under these revotes. The actual revenue of 1874 having exceeded the estimate of the late Treasurer by £48,146, the following statement is here inserted to show in what way this sum was realised:—

	Former Estimate.	Actual Revenue.	Under.	Over.
Customs	£926,414	£951,233	...	£24,819
Duty on refined sugar and molasses	33,633	33,883	...	250
Duty on spirits distilled in the colony	10,997	10,801	196	...
Gold revenue	22,277	22,813	...	536
Mint receipts	12,454	14,115	...	1,661
Stamps	98,733	100,871	...	2,138
Pilotage rates, harbour dues, and light rates ...	28,140	29,756	...	1,616
Land revenue	1,449,081	1,426,166	22,915	...
Rents, exclusive of land	32,856	33,513	...	657
Contributions under the Sheep Diseases Prevention Act of 1866	11,512	11,299	213	...
Fees under Registration of Brands Act ...	1,291	1,359	...	68
Railway receipts	501,440	532,852	...	31,412
Postage	100,834	102,869	...	2,035
Commission on money orders	3,979	4,072	...	93
Electric telegraph receipts	43,425	42,768	657	...
Licenses	84,689	85,872	...	1,183
Fees of offices	26,853	26,822	31	...
Fines and forfeitures	7,260	7,437	...	177
Miscellaneous (less repayments credited to votes)	62,109	67,622	...	5,513
Totals	£3,457,977	£3,506,123	£24,012	£72,158
Deduct amount under from amount over estimate				24,012
Producing a net increase of				£48,146

Notwithstanding the abolition of the *ad valorem* duties, the tonnage dues, and the postage charge on newspapers, the revenue of the year 1874 is considerably in excess, as a whole, of that of any previous year. It exceeds the revenue of 1873 by £182,893 10s. 7d., that of 1872 by £711,899 2s. 6d., that of 1871 by £1,287,432 7s. 1d., and that of 1870 by £1,443,788. Dividing the revenue into two classes, namely, revenue derived from taxation and that derived from other sources, the following would be the relative proportions under each of these during the last five years :—

	Taxation.	Other Receipts.
1870	£1,078,865	£983,470
1871	1,115,915	1,102,776
1872	1,259,581	1,534,643
1873	1,428,231	1,894,999
1874	1,244,504	2,261,619

In 1870, Customs duties produced £833,816; in 1871, £860,121; in 1872, £974,857; in 1873, £1,127,811; and in 1874 (the year in which the *ad valorem* duties were abolished), £951,233. I think these statistics show the immense progress made in the prosperity of the colony so far as that prosperity is indicated by the receipts of revenue. There may be something said upon that score. It is quite possible that when we come to consider the question of the surplus there may be reason to doubt whether after all an excess to the extent of a very large amount of revenue has not its drawbacks, although to a certain extent it is great evidence of what we cannot help congratulating ourselves upon—the increasing prosperity of the country. Under the head of "Other Receipts" are included the land revenue, telegraph receipts, postage, and a few other receipts of minor importance. Under the four heads specified the receipts during the period above mentioned were as follows :—

	Land Revenue.	Railway Receipts.	Telegraph Receipts.	Postage.
1870	£478,070	£303,780	£30,133	£82,805
1871	497,978	361,426	31,769	84,028
1872	840,452	421,888	48,866	96,477
1873	1,137,915	483,574	46,667	107,834
1874	1,426,166	532,852	42,768	102,869

I think, upon the whole, every one must admit that the general characteristics of these increases is a proof of the continuance of prosperity. They prove the continuance of the consuming power of the colony, of the increase of incomes, and of the power of the wealthy classes to spend money upon the various modes of consuming money indicated under the head of "public revenue." But I think it is not altogether out of place to call the attention of the committee to the circumstances of the peculiar decline in the Telegraph receipts. I do not suppose there is any great difficulty in accounting for that. It is probably owing to the introduction of what in fact amounts to a reduced rate—the reduction to the shilling rate. I do not allude to this as intending the least blame to the Government that introduced the alteration, because it is probable that a benefit has been derived in some other way from the alteration; but it is a proof that the class of financiers or politicians who are always in the habit of arguing that reductions of rates will inevitably produce an increase of revenue are sometimes mistaken. And in regard to the reduction of the Telegraph receipts there is obvious evidence that whatever other benefits have been derived from cheaper means and greater facilities of using the Telegraph that have been placed before the public by the change, the result has not been increased revenue. It is possible the time may come when the department will recoup itself; but it will be impossible then to prove that the compensation will be derived as the effect of the reduction of the rate. It will possibly arise from that increase in the prosperity of the Colony which has affected a number of other items to which I have alluded. The fact remains that a certain amount of revenue is lost. I make this remark to show that some instances occur where the argument in favour of reducing rates, to which I have alluded, will not apply. It is possible—in fact it is inevitable—that in reducing rates of any kind you come some time or other to a stage where revenue is not benefited by the change, whatever other benefits may occur. I think it must be acknowledged that the increased Railway receipts, notwithstanding the late Government insisted on retaining the rates, and I think very properly, at the height at which they were—for although I have been accused of opposing the late Government I always

thought they were right on that question, and always voted with them on it—must show in a high degree the continued prosperity of the country. And I am happy on this occasion to be able to relieve the very natural apprehensions of my honorable friend opposite—who very naturally, and perhaps justly, may have looked forward to some frightful catastrophe occurring when a new Government was called to office—I am happy to be able to assure my honorable friend, whose patriotism and public spirit will I am sure enable him to bear the intelligence with complacency, that the prosperity of the Colony does not appear to have declined in the least since the present Government came into office. I now proceed to a somewhat important statement with reference to cash balances, and I shall here follow the words of the explanatory statement. "Attached to the present Ways and Means will be found a statement of the cash balances at the credit of the Government accounts in the books of the Treasury on the 31st December last. These were—Consolidated Revenue Fund, £825,605 12s. 5d.; Old Loans Account, £265,815 8s. 7d.; Special Loan Funds, £314,667 14s. 5d.; Trust Fund, £630,399 6s. 8d.; making an aggregate balance of £2,036,488 2s. 1d., which was distributed as follows:—Cash in the Bank of New South Wales, Sydney, £1,234,761 19s. 1d.; cash in the Newcastle Branch, £6,029 19s. 7d.; cash in London Branch, £321,114 1s. 6d.; cash in the hands of the Receiver, £51,187 7s. 2d.; securities in the Treasury Chest, £423,394 14s. 9d.; making together as above £2,036,488 2s. 1d. In addition to the balance on the Consolidated Revenue Fund as above shown, namely, £825,605 12s. 5d., there has to be recovered from the Loan Fund for advances made thereto from time to pending the sale of Debentures the sum of £515,000, thus making a total credit balance on the Consolidated Revenue Fund of £1,340,605 12s. 5d." I now come to what appears to me to be an important synopsis of the Accounts of 1873 and 1874, which will perhaps show more clearly the results of the financial operations of these years than the foregoing explanations, which are principally intended to reconcile the Ways and Means now submitted with those submitted in November last:—"1873.—Credit or Receipt side of the Account:—Surplus of 1872, brought forward, £141,411 6s. 6d.; actual net revenue for the year 1873, £3,323,229 19s. 6d.; making a total credit of £3,464,641 6s. 0d. Expenditure or appropriation side of the account:—Amount of expenditure out of authorised appropriations for the service of the year 1873, up to the 31st December, 1874, as per Statement attached to Ways and Means marked B, page 34, £2,660,469 0s. 2d.; amount of appropriations remaining unexpended on that date still retained as liabilities—as per same statement, £80,382 19s. 0d.; amount of Supplementary Estimates for 1873, requiring to be voted, £3,317 1s. 7d.; making together a total charge of £2,744,169 0s. 9d., which deducted from the credit side leaves a surplus of £720,472 5s. 3d., to be carried into the account of the year following. 1874.—Credit or receipt side of the account:—Surplus of 1873, as above stated, brought down, £720,472 5s. 3d.; actual net revenue for the year 1874, £3,506,123 10s. 1d.; cash balance at the credit of the account for 1870 and previous years, £22,760 18s. 8d., making a total credit of £4,249,356 14s. 0d. Expenditure or appropriation side of the Account:—Amount of authorised expenditure, £3,142,780 12s. 3d.; Less—amount estimated as not likely to be required, £260,000; £2,882,780 12s. 3d. Amount of payments made up to 31st December, 1874, under the Superannuation Act Repeal Act of 1873: £96,703 10s. 2d.; amount of Treasury Bills paid off, 30th June, 1874, £334,600; amount of Supplementary Estimates for 1874, requiring to be voted, £129,888 5s. 2d., making together a total charge of £3,443,972 7s. 7d., which deducted from the credit side leaves a surplus of £805,384 6s. 5d., to be carried into the account for the present year." Honorable members will observe that the Supplementary Estimate for 1874 which requires to be voted is a very large amount, and that it is in excess by £36,296 of the estimate formed at an early period of the year. This is a matter honorable members will have to consider when the items come before them. A number of

additional requirements sprung up before the end of the year, and several of the items were found to be insufficient for the purposes intended. I now come to the most important account of all, that for 1875. "The account for 1875 is and can only be an estimate of probable revenue and expenditure. It is opened on the revenue or credit side by bringing forward the estimated surplus from the account of 1874, namely, £805,384 6s. 5d., to which is added the estimated revenue of 1875, £3,630,240, making a total credit of £4,435,624 6s. 5d." It will not escape the glance of my hon. friend the late Treasurer that the revenue, as we estimate it, is largely in excess of the estimate the honorable member proposed. Admitting that it is always best to on the safe side with these accounts, I think this increased estimate is justified by the circumstances of the large increase of revenue upon the first two months of this year as compared with the two corresponding months of last year. It is upon the information afforded by this increase of revenue that we have thought ourselves justified in increasing our estimate to the amount now laid before the Committee. On the debtor side of the account are charged the proposed expenditure, as detailed in the Estimates-in-Chief for 1875, amounting to £3,526,818 13s. 9d.; and the last instalment of debentures issued under the Act 29 Victoria No. 4, due 1st June next, £51,500; showing a total estimated expenditure of £3,578,318 13s. 9d.; which deducted from the credit side leaves an estimated surplus of £857,305 12s. 8d. It will thus be seen that the estimated revenue of 1875 exceeds the estimated expenditure by the sum of £51,921 6s. 3d., notwithstanding that appropriations of 1874 and previous years, under the head of re-votes, are charged against the year 1875, to the extent of £118,279 18s. 1d. Excluding this sum for re-votes, which is fairly chargeable to the surplus of 1874, the estimated revenue would in that case exceed the estimated expenditure by the sum of £170,201 4s. 4d. Before instituting a comparison between the account of estimated revenue and expenditure for 1875, submitted in November last, and that now submitted, it may be desirable to show to what extent the proposed expenditure of this year exceeds the actual appropriations for 1874, which were as follows:—For general services, £2,274,548 9s. 5d.; for services provided for by Constitutional and Colonial Acts, £53,031 9s.; special appropriations, £762,548; special supplementary, £52,652 13s. 10d.; making in all £3,142,780 12s. 3d. The proposed expenditure for 1875 is as follows:—General services as per Estimate-in-Chief, £2,685,975 18s. 1d.; services provided for by Constitutional and Colonial Acts, £50,842 15s. 8d.; special appropriations, £790,000; making in all £3,526,818 13s. 9d.; which is £384,038 1s. 6d. in excess of the appropriations of 1874." On page 8, honorable members will find a statement of the heads under which the principal increases occur, but I will not now trespass upon the time of the Committee with these details. The expenditure now proposed for 1875 as exhibited by the Estimates before the House exceeds that proposed in November by the sum of £143,357 7s. 10d. I shall not trouble honorable members with the list of these increases, for they are mere details, and may be referred to at any time. The present estimate of revenue for this year exceeds that made in November by the sum of £111,000. The estimate then made amounted to £3,519,240, to which have since been added the following sums, viz.:—Customs—spirits, £15,000; Murray River Customs, £10,000; pilotage, harbour dues, light rates and fees, £1,000. Land revenue—Deposits on conditional purchases, £130,000; balances of conditional purchases, £10,000; interest on conditional purchases, £5,000; in all £171,000. These additions bring the Estimates up to £3,690,240. Pending, however, the renewal of the Stamp Act, which expired on the 31st December, 1874, it is estimated that there will be a reduction under the head of stamp duties of £50,000; the previous estimate of revenue has also been reduced by interest on city debentures £10,000, thus making a total reduction of £60,000, which leaves the Estimate for 1875 at the amount now shown, viz., £3,630,240. Under the head of trust funds there is a great deal of information given at page 10, which no doubt will be interesting, but which it does not seem to be necessary to read on

the present occasion. I therefore pass on to the Loans Accounts, and I must take the liberty of asking the House to follow me pretty nearly through the statement. The usual accounts and statements relating to the services authorized to be provided for by loan will be found at pages 35 to 70 of Ways and Means. The principal objects in view in appending these documents are to show how the loans have been raised; how the expenditure is progressing; that no portion of the funds have been used for services other than those authorized, and that the balances were at the credit of the Government in the Bank on the date to which the accounts are made up, and therefore available for the purposes intended. The first of these statements is what is termed the General Loans Account, which is simply a summary of the assets and liabilities, more fully detailed in the separate Loan Fund Accounts which follow. From the debtor side of this account it will be seen that on the 31st of December last the liabilities amounted to £3,308,908 10s. 4d. Of this sum £2,793,908 10s. 4d. was the amount of appropriation for railways and other public works of a permanent and reproductive character not yet made use of; and £515,000, the amount due to the Consolidated Revenue Fund for advances made to the Railway Loan Fund, 36 Vic. No. 17, and the Loan Fund, 38 Vic. No. 2, pending the negotiation of the loans authorized by these Acts. Honorable members will remark what a different position our revenue is now in as compared with the time when the Loan Fund was continually borrowed from by the current revenue. We find the tables turned now, and the current revenue enables us to make advances to the Loan Funds, which is a position of very great advantage. "The creditor side shows that the sum of £577,186 13s. 2d. was in the Bank of New South Wales on the 31st December, 1874, at the credit of the several Loan Funds therein mentioned; that £2,731,401 4s. 11d. of the loans authorized had not been negotiated up to that date, and that there were advances to the Commissioner for Railways remaining unadjusted to the amount of £320 12s. 3d. These sums, which together amount to £3,308,908 10s. 4d., correspond exactly with the amount of the liabilities referred to." "The loans which were not negotiated up to the 31st December last were:—1st. The Railway Loans, 36 Vic. No. 17, for £1,901,500; 2nd. Balance of the loan for Public Works and other purposes, 36 Vic. No. 21—Funded Stock Act of 1873—£23,701 4s. 11d.; 3rd. The loan for Public Works and other purposes, 38 Vic. No. 2, £806,200; in all £2,731,401 4s. 11d. These were the first loans authorized to be raised by the issue of 4 per cent. securities. With the exception of a few of the earlier loans, which were negotiated for small amounts at an interest of 2¾d. and 3¼d. per cent. per diem, the loans of this Colony have hitherto been raised by the sale of 5 per cent. Debentures with a currency generally of thirty years. The first deviation from this rate took place in 1873 under the Funded Stock Act, which authorized a permanent loan of £509,780, at a rate of 4 per cent. per annum. Of this loan, which is being negotiated in the Colony, there was raised up to the 31st of December last, a sum of £486,078 15s. 1d., leaving then a balance unraised of £23,701 4s. 11d. as above shown. The following abstract of sales under this Act will show the amount of stock taken up and the prices realized:—

	Stock.		Proceeds.
Clergy and School Estates Fund	£90,000 0 0	at par	£90,000 0 0
Government Savings' Bank	30,000 0 0	at par	30,000 0 0
Do.	257,894 14 9	at 95	245,000 0 0
Public generally	1,980 0 0	at par	1,980 0 0
Do.	200 0 0	at 95½	191 0 0
Do.	125,166 0 10	at 95	118,907 15 1
In all	£505,240 15 7		£486,078 15 1

"During the present year sales of stock have taken place to the amount of £7,220 19s. 11d., at 95 per cent., thus realizing a further sum of £6,859 19s., and leaving still to be raised £16,841 5s. 11d. With respect to the Railway Loan, Debentures

to the nominal value of £1,000,000 were forwarded to our financial agents in London by the mail of July, 1874, for negotiation there. The minimum price then fixed by the late Treasurer was 92 per cent., but as Mr. Larnach, the London managing director of the Bank of New South Wales, reported that there was not the slightest prospect of their sale at that price, the minimum was on his recommendation reduced to 90. He also recommended that the minimum should be published when the loan was advertised, which, owing to the unfavourable state of the money market, was not done until the 26th December last. The tenders were opened on the 5th January by Mr. Larnach, in the presence of Sir Daniel Cooper, Messrs. William Walker, William Ranken Scott, B. S. Lloyd, F. S. Dutton, W. Westgarth, T. J. Clarke, and a number of gentlemen connected with the Stock Exchange, when it was found that there were seventy-nine applications for an aggregate of £565,800, at an average price of £90 2s. per cent. On the following day the balance of the million was taken up by the Stock Exchange at the minimum price. Mr. Larnach considers the result of this loan highly satisfactory, and he recommends that debentures for the remainder of our loans be forwarded early so that they may be brought out at the end of June. The balance of the railway loan is £901,500, and the amount of the Public Works Loan, 38 Vic., No. 2, no portion of which has yet been issued, is £806,200; these together would make a loan of £1,707,700. On the 31st December, 1874, the public debt of the Colony amounted to £10,516,370 15s. 7d., which consisted of terminable debentures, 1875–1902, £8,831,100; ditto, by annual drawings, £937,000; interminable debentures, £243,030; Funded Stock—interminable, £505,240 15s. 7d. Total, £10,516,370 15s. 7d. The loans authorized but not negotiated on that date amounted to £2,731,401 4s. 11d." "As already stated, however, in connection with the accounts for loan services, railway debentures were negotiated in London in January last to the nominal value of £1,000,000, and funded stock taken up in the Colony during the present year to the amount of £7,220 19s. 11d. These two sums added to the debt as it stood on the 31st December last make the actual debt at the present time £11,523,591 15s. 6d. From the statement at page 76 of Ways and Means, showing the due dates of our outstanding securities, it will be seen that during the present year debentures fall due to the amount of £71,500, which sum is made a charge against the revenue of 1875, and that in 1876 debentures issued under various Acts mature to the large amount of £755,800. After that none of our securities, excepting those that are drawn for annually to the extent of £20,000, mature until 1888, when half-a-million of debentures become due. In every year but one, from 1888 up to 1902, larger or smaller amounts of the public debt fall to be paid. The following are the amounts and due dates of the debentures which mature during 1875 and 1876, viz.:—In 1875—On 30th June, £51,500; on 31st December (annual drawings), £20,000; total, £71,500. In 1876—On 1st January, £363,700; on 1st July, £372,100; on the 31st December (annual drawings), £20,000; total, £755,800. Now I think honorable members will join with me in the congratulation which I venture to offer to the Colony upon this statement of our position. It is after all simply a continuance of the position which was ably exhibited by my predecessor in November last. But it must be gratifying to know that the prosperity is going on increasingly. At the same time I am not quite sure that a very large surplus is altogether a matter of unmixed gratification. Of course it is very gratifying as compared with what occurred in former years when we were constantly dragging along, not having got rid of the deficiency at the end of every year. Every one must agree unhesitatingly that the present state of things is a great advance upon that time. But at the same time we must take into consideration that a surplus is made up of money which might be more profitably used than when it is in the hands of the Government. It is drawn from the pockets of the people, as all taxation is, and this large surplus if it were in the hands or pockets of the people it is very possible—almost certain—that it would be invested in various ways and turned into

better directions than by the Government. There is also another reason why we have some grounds for looking with some caution at any rate, and hesitation upon this surplus, and that is the nature or the character of the surplus itself. We cannot shut our eyes to the fact that all money drawn from such a source as this—the landed revenue of the country—is a part of the capital of the country, and it behoves us, taking these points into consideration, the general character of the surplus and the source from which it is drawn, to endeavour as far as possible to apply at least a portion of it, if not a considerable portion, to the improvement of the land of the Colony itself. There is another reason, perhaps, why a surplus should be looked upon with suspicion, and that is that it shuts our eyes to the indebtedness of the country. With this increasing and progressing surplus from year to year this fact remains—that our public debt also goes on increasing from year to year. There was a time when matters were worse, when in former years there was a deficiency at the end of every year, when the current revenue was not equal to the current expenditure, and the current expenditure was reduced to what would be considered ludicrous in the present day. Then we were actually borrowing money to pay the interest on debentures to a certain extent. That state of things does not exist now in any great degree. I will trouble the House by reading a statement I have had prepared, showing the outstanding public debt from the 31st of December, 1864, to the 31st of December, 1874, inclusive, in order to show how this matter has gone on increasing up to the year 1874:—

Year.	Works and other Services authorized to be provided for by Loans.	Deficiency Loans.	Total.
1864	£5,802,980 0 0	£270,200	£6,073,180 0 0
1865	5,351,130 0 0	398,500	5,749,630 0 0
1866	5,516,930 0 0	901,100	6,418,030 0 0
1867	6,124,130 0 0	793,500	6,917,630 0 0
1868	7,870,530 0 0	694,300	8,564,830 0 0
1869	8,952,030 0 0	594,000	9,546,030 0 0
1870	9,087,630 0 0	493,500	9,581,130 0 0
1871	10,218,230 0 0	396,100	10,614,330 0 0
1872	10,438,630 0 0	334,600	10,773,230 0 0
1873	10,507,814 16 4	334,600	10,842,414 16 4
1874	10,516,370 15 7	.....	10,516,370 15 7

Looking at the prosperity of the Colony, and the way in which the railways are progressing, I do not think this need alarm us, but it is desirable that we should look it in the face constantly, and understand exactly the way in which we are going. And now, sir, I come to the important question which is the second branch of the statement I have to make, namely, what the policy of the Government is in respect to this state of our public finances, and in particular, in dealing with the surplus itself. I may say, at once, that I have not adopted, either in the alteration of the accounts or in the proposal for the reduction of the debt, the system that was intended to be established by my honorable predecessor. That honorable gentleman, in the account for 1875, charged the first half-year and the next year's interest against the surplus. I do not quarrel with that mode of accounts. It is really a mere matter of alteration of keeping accounts. Every surplus at the end of the year is only nominal in its total amount. Substantially it ought to be, and is practically, diminished by the amount of interest upon our debt that is accruing during the concluding portion of the half-year. But as a matter of account I have thought it proper to place it under the head under which it was put. I do not say the time may not come when I may have a further opportunity of considering a better mode of placing accounts before honorable gentlemen. But it seems to me, with my admitted inexperience in these matters, that it is better to take the old method of keeping the accounts, which practically comes to the same thing. I make no objection to the honorable member's method of keeping accounts, and honorable members will see at once the difference between my predecessor and myself is merely a nominal one. Secondly, I do not—the Government do not—propose to take the plan which was denominated the sinking fund. I will not say that it is an absurdity. It is a method of reducing a debt which commended itself to far greater financiers than I can pretend to be. It may be that I am wrong, but I prefer a simple method of dealing with the surplus. I look upon the principle of a sinking fund as arbitrary. In the first place, a sinking fund does no more than may be done without. A drunken man may be

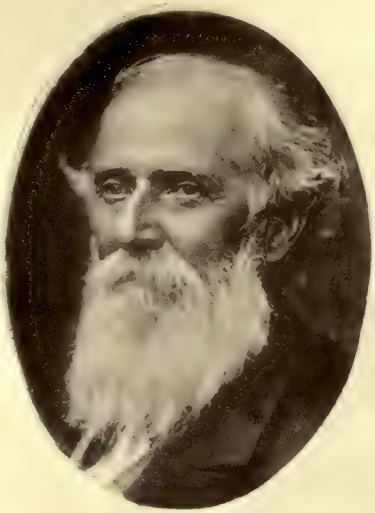
got to make a resolution that he would not drink any more, but it would be far better that he should be able to control his drinking propensities without making any resolution at all; and it seems to me that it is possible for the Government of the country to accomplish this method without locking up our money in a particular and arbitrary method. If we make up our minds, we can liquidate a debt through various modes of appropriating a surplus. I am told that a certain check is placed upon extravagant Governments by the operation of the law; but no one can doubt that if a minister were in power with a majority at his back who was of opinion that a great emergency existed, that he would be able to persuade the Assembly of the emergency, and perhaps with reasonable arguments, and it is obvious that a law of that kind would not then remain in existence very long. In other words, the result of a sinking fund is to do something of great moment no doubt when its assistance is not required, and to fail to give assistance when assistance is most required. I take exception to my honorable friend's proposal, secondly, because it seems to be more arbitrary than a sinking fund generally. We take a particular amount from a particular account due on a particular day, and we appropriate this sum towards the reduction of the public debt. It is quite right that the public debt should be reduced to that amount, but it may be that by locking up this particular fund we may find ourselves hampered in the disposition of it by preventing us from taking other modes of disposing of it. Why are we to take this particular sum? If we want to reduce the debt by £50,000 or £500,000, why not, if we have a surplus of that amount, so appropriate that surplus? Why confine ourselves to the particular amount in the proposal of the honorable member? For these reasons I have not thought it my duty, nor have my colleagues thought it their duty, to adopt the proposals of the honorable gentleman. I shall be asked in what way the Government propose to deal with the surplus. I may go back to an eminent authority on finance, and I do it without any intention to ridicule my honorable friend,—I go back to an expression of opinion of the late Colonial Treasurer himself, in the budget speech he made on the 16th October, 1873. There the honorable gentleman did not reach the idea of a sinking fund, and he laid down a method—a proper method and principle upon which a surplus might be disposed of in the following words:—"There are three ways in which a surplus may be disposed of,—first, in payment of our debts; and here we have the example of the mother country to assist us, as whenever the revenue exceeds the expenditure, one-fifth of the surplus is always paid over to the Commissioners of the National Debt, by whom it is appropriated in part liquidation of that debt; or secondly, it may be disposed of by removing burdens on the people by reducing taxation. And here again we have the advantage of English example, as was lately illustrated by the reducing of the Income Tax and other imposts of an oppressive character; and thirdly, surplus revenue may very properly be expended in the construction of public works of a national character which may be urgently required. The Government proposes to adopt each of these modes." I have very little objection to take to the opinions and principles laid down in that statement; but I may explain my views, consistently with these views, in a briefer form. I would say, then, that the surplus may be reduced in three ways; first, by the reduction of the loan account; secondly, by the reduction of the outstanding liabilities; and thirdly, by the reduction of taxation. By the reduction of the loan account I mean that instead of using borrowed money for public works, we should as far as possible employ current revenue, to avoid the accumulation of debt in many ways to which our loans are applied. That is one of the methods by which the present Government propose to apply the surplus. I am again very happy to be able to refer to the course taken by the honorable gentleman and his colleagues as an illustration of the method to which I refer. The late Government had by law authority to raise money for the payment of revenue under the Superannuation Act, but instead of using the Loan Account they used current revenue to the amount of £96,000 in round numbers. I instance this as an illustration of the method which the

Government propose to apply in the framing of the next Estimates, and as far as possible was applied in the framing of the present Estimates. The next method I spoke of was the reduction of outstanding liabilities which had been illustrated in the Ways and Means. When debentures fall due at certain times, if the current revenue be sufficient it will be unnecessary to renew in many instances. That is another method in which they would employ the surplus. But no doubt the most important part of this financial proposal is that which relates to the reduction of taxation. The Government propose to apply the surplus to the reduction of taxation, or to the modification at least of that legislation by which the taxing power is conferred upon the Government. I will endeavour to explain briefly the direction in which the Government propose to go, by endeavouring to lay down the principles of action upon which we shall proceed. But at the same time I beg to be thoroughly understood as not indicating the least intention of making any such alteration as I intend to foreshadow, during the present session. The Government do not pretend to dictate to the House whether they shall have a long or a short session, but we think it right to recommend to the house that the session shall be shortened so that we may be able to bring the House together at such an early period as will enable us to sit in Parliament at a more convenient part of the year than is usually the case. I believe that honorable members will concur with the Government that we should confine the business to the Estimates, and a few necessary measures. I do not desire honorable members to understand me as intending to propose any alteration in financial legislation during the present session. I propose to give my attention to it upon the first opportunity, and to proceed with it as speedily as I find it possible to do. I shall be asked what it is we propose to do. We have taxation in two important forms—in the form of a Stamp Act, and in the form of Customs Revenue, not to speak of a number of minor ways which it is scarcely necessary to allude to at present. I fancy I shall be echoing the sentiments of a large majority in this House if I say that we intend to advance further in the direction of free trade principles. I have no desire to cavil at that portion of the policy of the Colony which my predecessor has been instrumental in establishing. But I must be permitted to say—as one who has opinions upon the question of free trade, and who has held them a long time under the belief that I was a much more advanced free trader than others who had been more glorified as free traders—that I do not think our financial legislation has done much as yet towards the establishment of free trade principles. I do not say that the abolition of the *ad valorem* duties has not been of benefit, but it was not much of a step in the direction of free trade. I do not understand that the *ad valorem* duties are in their essence protective. There is a number of specific duties far more protective. Then why were the *ad valorem* duties abolished? They were abolished for the public benefit. The objection to them is that they are demoralizing in their operation and involved a most unjust and iniquitous interference with the operations of trade—an interference between the skilled and the unskilled trader. The operation of these duties is to put the skilled trader at a disadvantage as compared with the unskilled. I repeat that this was not much of an advance towards free trade. Again, another of our advances towards free trade has been the abolition of the tonnage dues. That involves a small item taken from the revenue, but it is an item that involves some important principles. Now, I contend the tonnage dues are in their character far more consistent with free trade principles than any sort of specific duty that you can impose. I am not at this moment proposing to abolish the specific duties, and to propose tonnage dues in their place, because I know that the revenue would not afford it, which is one reason among others. I have no intention to allude to it more than to illustrate the subject. But let us ask ourselves what it is that makes these specific duties so objectionable. If we could abolish duties altogether that is free trade if you like. But we cannot do without some taxation, and the most convenient form of taxation under our present circumstances is the Custom House. The objection to that form of taxation is that the trader, when he comes into the port, is boarded

by a Custom House officer, has his boxes ransacked, and their contents destroyed, and himself perhaps subjected to delays, and perhaps to impertinence. All these annoyances are the result of Customs duties in any form, and could not altogether be helped. You must follow the trader, because nobody can be trusted in matters of revenue—it is not the principle of responsible Government to trust any body. Now, what is the case with the tonnage dues? Suppose you could obtain a certain amount of revenue by specific duties, and a similar amount by means of tonnage dues, is it not obvious that the tonnage dues is the simpler and less obnoxious way? You put it upon the same articles practically, though in a different form, because the articles brought into the harbour have this amount paid upon them, and the inevitable result must be to enhance the price of the articles when landed. Whatever method is adopted of making the charge, the consumer will have to pay a portion of it. Tonnage dues represent free trade more than any specific duties can. In abolishing tonnage dues, and retaining specific duties, you do not advance free trade. Another objection is that the enhanced price of the article will fall upon a different class of persons. My belief is that the result will be to throw the greater part of the burden upon the consumer. We have done much that is beneficial, but to make our tariff thoroughly free trade some alteration in the nature of the duties will have to be effected. I think the reason why our tariff is of the character I have described is to be found in the peculiar circumstances of the case under which most of our tariffs have been established. They were nearly all emergency tariffs, imposed when either there was a deficiency, or a deficiency was apprehended, and it was necessary for the Government to secure all the money they could in the face of a state of things that appeared likely to lead to public insolvency. This led Governments to adopt a course prejudicial to any tariff. The emergency always compelled the Government to strain their taxing power to the utmost, whereas I think it is desirable that no kind of duty should be levied to its utmost extent. We should stop short of the amount which we could possibly levy with a view of rendering the tax less oppressive. Governments were unable to take into consideration what taxes were best, but they had to place taxes upon the articles most accessible. We are now in a better state of circumstances, which will enable us to look about us, and to proceed by cautious and proper steps towards that result which will place our tariff upon the best footing, and make it more consistent with what we all desire—free trade. What are the motives to any kind of taxation? They are the protection of life and property. As regards the protection of life, it is reasonable that everybody should pay a certain amount to the revenue, and some taxes shauld fall equally upon everybody. If protection of property be the object aimed at, it is not unreasonable that property should be made to pay in proportion to its value. I might be asked whether we intend to propose a property or an income tax. I must say that we do not see our way to the imposition of either tax. I do not lose the hope of introducing the principle of a property tax; but as regards an income tax, which is the more equitable of the two, it would be infinitely more difficult to carry out here; and I do not see what means could be devised which would be in any way equitable, and which would enable us to avoid the evils complained of in regard to the *ad valorem* duties. All means of evasion would be attempted, and the evils complained of in England would be largely increased here. From what source then should the revenue of the country be derived? From the profits of undertakings. The greater number of them must be profitable, or they would not be carried on. If that be the case, it follows necessarily that we should endeavour to derive our income from those articles that would be paid out of the profits to which I refer. If our taxation fall upon the unproductive undertakings, it is evident that a large proportion of it must come out of the capital invested in such undertakings. I think it is quite possible to levy Customs duties upon a number of articles so as to avoid any of the injurious effects I have alluded to. If you tax capital you take away from the producing power of the community, if you tax property you take away superfluity that would be probably

spent in some other way. This brings us to the conclusion that it is desirable to levy Customs duties upon luxuries as far as possible. I suppose no one would object to the Government raising the duties upon wine and spirits, if they would get revenue by it. No one would care much if we tax wine, spirits, tobacco, and other articles of pure luxury. Tea, I think, is a very fair article to tax, and on this point I have altered my opinion entirely to what I formerly held. Tea is not an article of absolute necessity, but to a certain extent a luxury. Salt is not an article that it is desirable to tax. Salt is one of those articles that is used in a very important industry, whether that industry be profitable or not. If the sheep farmer has a number of bad seasons, or meets with accidents or misfortunes, and for a number of years his investment does not pay, he must still contribute to the revenue. If you tax salt he must still go on buying it, because it is necessary to his undertaking. And in that case he will have to pay out of the capital invested in his undertaking. It is the same with some of the taxes upon timber, which operate injuriously upon the manufactures of the country. I have laid down what principles occur to me on the moment by way of illustration, and to show the house in what direction the Government think of going. The Government propose to modify the taxation of the country in such a way as to render it less objectionable—to take off some of the more objectionable items, and to surrender a certain amount of revenue. I shall be asked what we propose to do with the Stamp Act. We propose to introduce an altered Stamp Act. I regret that the Act lapsed. As it has lapsed, and as my views are not in accordance with that Act as it stood before it lapsed, I have not considered it my duty to hurry in introducing a new one. We propose, however, to introduce a modification of the Stamp Act which will retain its feature of a tax upon property, and we shall surrender a certain amount of revenue in regard to those duties which operate prejudicially upon the trading classes. Our proposal, then, is to modify the tariff and the Stamp Act; and although, as I have stated, it is not the intention of the Government to introduce a measure embodying all these proposals this session, I give the House my word that I will apply myself to these portions of our legislation as early as possible. In addition to this the Government also propose to surrender the gold duty. It is unnecessary to offer any arguments now in favour of such surrender. A great many arguments might be used in favour of the gold duty, if it could be levied upon all classes. But the best reason for taking off the duty is that it has been taken off in the neighbouring colonies. On that account I think it is inexpedient that we should retain it. However, a great deal that has been said against it was borne out by sound reason. A proposal has been made by the Government of Tasmania in the matter of free trade between the two colonies. I am prepared to say that the Government look favourably upon the proposal, but we have not been able to mature a measure which would satisfactorily carry out our views. With the large amount of pressing business we have had upon our hands we have not been able to do more than consider the question in a somewhat favorable light. I now have to thank the committee for the patience with which it has listened to me, and for the indulgence with which I have been treated. I hope the proposals I have made will be found satisfactory to the committee and the country generally. It will of course be for honorable members to keep the Government up to what at present are no more than promises. I admit that what I have said amounts to little more than promises. But at the same time I do not think it at all extraordinary that a Government that has only been in office a couple of months should begin by making promises. It would be for the House and the country to see that we fulfil our promises. It is, I think, a great advantage to the House and the country that we have in our honorable friend, the late Treasurer, a vigilant sentinel of the public interests. Whatever promises I may make I am sure I shall be reminded of them if we do not fulfil them; we shall no doubt be reminded of them by the House and the country in an unpleasant way. We only hope that we may be allowed at least

some short time to be tried. We have not got into office from any sort of planning or plotting of our own. We came in under circumstances not of our own creating. I think I am only stating an historical fact when I say that the circumstances that brought us into office were not of our own creating. We are in office—I do not say by no wish of our own, but by no fault of our own. And I am sure that from the legislature and from the country we shall have a certain amount of fair trial. Let the promises I have made then be only promises for the present. I hope the time may come when we shall be able to fulfil them. If we do not, I know the consequences. We shall deserve to give place to others who will carry out their promises.



THE HONORABLE JOHN ROBERTSON.

(NOW THE HONORABLE SIR JOHN ROBERTSON, K.C.M.G.)

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE JOHN ROBERTSON, Colonial Secretary, acting for the Colonial Treasurer, made 8th December, 1875.

LEGISLATIVE ASSEMBLY.

8th December, 1875.

FINANCIAL STATEMENT.

Mr. DRIVER: In attempting to make a statement of the financial condition of the country, I feel that I am bound to offer an apology for the position I have assumed. It was considered necessary by the Government of which I am a member to send the Colonial Treasurer to England upon business which we thought to be of sufficient importance to necessitate that course of action. From the time of the Colonial Treasurer's departure I have performed the duties of Colonial Secretary, and, in addition, the duties of Colonial Treasurer. Those duties I have performed to the best of my ability, and I shall now endeavour to proceed with this part of my duty—the Financial Statement—which is more than commonly difficult of course to one, like myself, unused to anything of the kind. I shall endeavour, however, to perform it as best I may, trusting that those honorable gentlemen who are better acquainted with figures than I am will grant me such an amount of indulgence as I may fairly hope for. Like those who have had this duty cast upon them since the year 1870, I have to report to the House continual financial prosperity—that kind of prosperity, at any rate, which springs from an overflowing exchequer. This state of things first exhibited itself in 1871, during the time of the treasurership of my honorable friend, and then colleague, the member for The Bogan, Mr. Lord, who predicted in 1871 that the revenue for 1872 would, beyond the years' requirements, enable the Government to pay off £334,600 worth of Treasury Bills which would fall due in the next year. It was not believed by some that this could be done, but it was done. The bills were paid out of the revenue which my honorable friend predicted was coming in, and the necessary expenditure for the year was also met. It will be remembered that during the time the honorable member for Newcastle conducted the business of the Treasury, the revenue increased with rapidity, and that in the last year of that honorable gentleman's stewardship it amounted to £3,500,000. This prosperity, I am glad to say, has steadily continued during the treasurership of Mr. Forster. Ten months' actual and two months' contemplated revenue will produce £4,044,000, and I am told that that is a very low estimate. In order to exhibit that more fully, as I think it ought to be exhibited, I will read from the report I have from the officer charged with that branch of the public business:—"The account for the year 1874 submitted by Mr. Forster showed an estimated surplus of £805,384 6s. 5d. In the one now submitted it will be seen that the surplus has increased to £895,055 16s. 10d., that is, £89,671 10s. 5d. in excess of the former estimate. This increased amount arises chiefly from the following additional credits,—1. Increased surplus from the year 1873, as already stated, £5,102 9s. 10d. 2. Appropriations of 1874 written off under the

provisions of the Audit Act, in excess of the estimate made in April last, £95,221 14s. 2d.; making together a gross increase of £100,324 4s. From this amount there have however to be deducted a few additional charges against the year 1874, viz.: —1. Supplementary appropriations in excess of the estimate submitted in March last, £3,142 0s. 3d. 2. Additional special appropriations, £2,360 11s. 6d. 3. Amount of a further Supplementary Estimate, £5,150 1s. 10d.; in all, £10,652 13s. 7d., which leaves the increased surplus already stated of £89,671 10s. 5d. As many of the services of 1874 are not yet completed, it is probable that this surplus will be still further augmented by the lapsing of some of the appropriations which have been reserved to meet them. The appropriations thus reserved on the 31st October last will be found detailed in the Statement marked B, page 21 of the Ways and Means. In the aggregate they amount to £92,291 15s. 10d. The account for the year 1875 is still to a certain extent only an estimate. In the one last submitted the ordinary expenditure for 1875 was estimated at £3,526,818 13s. 9d., to which there was added a charge for debentures falling due on the 1st June, 1875, to the extent of £51,500, thereby making together a total estimated charge of £3,578,318 13s. 9d. against the revenue of this year. After the Financial Statement was made it was however found necessary to bring down an additional Estimate, which, with the appropriations by the Assembly under the main Estimates for 1875, increased the charge for ordinary expenditure to £3,623,449 2s. 11d. To this sum there have now to be added—Debentures paid off on 1st June last, £51,500; special appropriations, further sum, £31,174 14s. 5d.; amount of the Supplementary Estimates now before the House for services of this year, £69,494 16s. 11d., thereby increasing the estimated charge against the year 1875 to £3,775,618 14s. 3d. As it is however estimated that appropriations of various kinds for services of this year will lapse, under the provisions of the Audit Act, to the amount of £260,000, that charge will be reduced to £3,515,618 14s. 3d. Turning now to the credit side of the account for 1875, it will be seen that the first item is the surplus on the account of 1874 brought forward, viz., £895,055 16s. 10d. This surplus is, as already explained, £89,671 10s. 5d. in excess of that given in the Ways and Means of April. The actual revenue from 1st January to 31st October last amounts to £3,179,829, which is £510,743 12s. 9d. in excess of the corresponding period of 1874. The estimated revenue for the remaining two months of the year is £864,779, or only £19,551 in excess of the revenue of November and December of last year. These together will give for the year 1875 a revenue of £4,044,608. Although this amount is £530,294 in excess of the revenue of 1874, it is only £414,368 in excess of the estimate made in April by Mr. Forster, who then anticipated that the revenue of this year would not exceed that of 1874 by more than £124,000. Deducting the expenditure from the revenue of the year 1875 as above stated there would remain a surplus of £528,989 5s. 9d., which added to the surplus of £895,055 16s. 10d. brought from the account for 1874, will give a cumulative surplus at the end of 1875 of £1,424,045 2s. 7d. At page 83 of the Ways and Means a statement will be found of the Cash Balances at the credit of the several public accounts on the 31st October last, as exhibited by the books of the Treasury. These were as follows:—Consolidated Revenue Fund £1,086,690 17s. 6d.; Old Loans Account £230,227 9s. 0d.; Special Loan Funds £442,103 11s. 3d.; Trust Fund Accounts £922,790 4s. 10d.; in all £2,681,812 2s. 7d. Accounted for in the following manner:—Bank of New South Wales, Sydney: Public Account, £365,081 18s. 11d.; Special Loan Funds £442,103 11s. 3d. London Branch (including remittances on the way and not yet brought to account), £880,781 17s. 8d. Fixed deposits: Bank of New South Wales, £300,000; Oriental Bank, £150,000; City Bank, £100,000, in all £550,000. Securities in the Treasury Chest belonging to the Trust Fund Accounts, £443,844 14s. 9d.—total same as above, £2,681,812 2s. 7d. It is right to explain here that the actual Cash Balance in London Branch of the Bank of New South Wales on the 31st of October last would be considerably less than that

above stated, owing to the payments made in England on behalf of the Government for the quarter ending 30th September not having then been passed through the books of the Treasury. From the very nature of the London account discrepancies of this kind must necessarily exist. The interest received on public moneys deposited in Banks in 1874 amounted to £25,613. To the 30th September of this year £24,112 had been received for interest on such deposits, and it is estimated that a further sum of £8,000 will be received for the quarter ending 31st December, thus making for the whole year a sum of £32,112, or £6,499 in excess of that received during 1874. Besides the cash balance of £1,086,690 17s. 6d. at the credit of the Consolidated Revenue Fund on the 31st October last, there was a sum of £815,000 due by the Loan Funds for advances thereto, pending the sale of debentures. The actual balance therefore at the credit of the Consolidated Revenue Fund on the 31st October last was £1,901,690 17s. 6d. I have mentioned, in the account I have read, that the accumulated surplus for the years 1874 and 1875, above and beyond all appropriations and claims of what kind soever, amounts to £1,424,045. I think that exhibits, so far as the receipt of money is concerned, that the country is in a prosperous state. It is indisputable, I presume, that the other industries are in a flourishing condition. [MR. DIBBS: It does not follow.] It does not follow; but so far as the receipt of money is concerned, no one will dispute it. Then with regard to the other industries, I believe that there is no business in the country that is not in a highly satisfactory state. And as for our commercial business, the exports of coal have been far higher this year than ever before; and the general exports and imports have been largely increased above the year preceding, or any other year in the history of the Colony. Now as to the question so far as our revenue indicates our prosperity. I think I shall show it indicated here. The principal items of increase in 1875 over 1874 are—on the Customs, £18,385; land sales, £538,434; rent and interest on land sales, £15,860; postage, £1,330; railway receipts, £53,077; electric telegraph receipts, £4,455. There is, of course, on this estimate a very important item of decrease of £96,002 for stamps, and I apprehend that honorable members are already aware that we have no Stamp Act in force during this year. The net increase under the head of revenue is £530,294. It will be seen by account No. 1 of Ways and Means, that the expenditure for 1874 was £3,359,403, and for 1875 it will be seen, by account No. 2 of Ways and Means, that the expenditure of the present year, so far as it can be ascertained, will be £3,515,618. I shall now invite the attention of the Committee to the account for the year 1876. It will be seen by account 3 of the Ways and Means that the revenue for 1876 is estimated at £4,166,900. I think I may be pardoned if I say when I first took office as Minister of the Crown it was about one-fourth of that amount, notwithstanding that at that time the lands now forming the great Colony of Queensland formed a portion of our Colony. It will be seem by the estimates that the estimated expenditure for 1876 is £3,917,007, leaving an estimated surplus for the year 1876 alone of £249,892. I will now read from the report which I have had prepared certain details connected with that part of the public finances:—"On referring to the account of estimated revenue and expenditure for next year, it will be observed that the surplus shown on the account for 1875, viz., £1,424,045 2s. 7d., is brought forward. The revenue for 1876 is estimated at £4,166,900, which is only £122,292 in excess of the actual and estimated revenue for 1875. The expenditure for the services of 1876 is, according to the Estimates-in-Chief now before the House, estimated at £3,917,007 18s. 2d. Deducting this amount from the estimated revenue for the year, there would remain a surplus of £249,892 1s. 10d. on the year 1876 over and above the surplus brought from the account of 1875." It will be seen on page 1 of the Estimates-in-Chief for 1876, that it is contemplated that there will be an increase of expenditure in that year over that of 1875 of £293,558. That, no doubt, appears a large sum; but in reality it is not so much an increase actual as apparent. It arises principally from an exchange from the Loan Fund to the Consolidated Revenue Fund. Large sums of money heretofore

charged to Loan Fund will be found this year charged to Consolidated Revenue. We thought the present an opportune time for affecting so very desirable a change. The additional amount required for increases to public servants amounts to £29,000. I saw an article in a newspaper the other day, no doubt written by a person technically informed, but it was calculated to mislead ordinary people, as it tried to make us believe that increased salaries were the cause of the increase of £293,558, or the most of it, in the Estimates for 1876. But the whole of the increases in the salaries only amounted to £29,000. Now let us see how these increases arise: The highest increase proposed to be given to any public servant is £250. There were only two put down for so large an increase as that, and they were professional men of high ability. It was a wonder they remained in the public service at such a small salary compared to what they might make by practising privately. He supposed that no one would deny that the Crown Solicitor was worth £1,250; and that was all the Government proposed to give him. Then four of the Under Secretaries, who were at the head of large departments, in which were involved to a large extent the interests of the country, had been put down for an increase from £800 to £1,000 each. These officers were men of very great ability; they have been long in the Public Service; and I am sure that no man who has been a Minister of the Crown in this country will deny that they are placed in difficult and responsible positions. I do not desire to rely upon that only, but I do think that when the receipt of £1,000 a year is the highest position a Civil Servant may expect to attain to, whatever his success and ability, it is little enough as an inducement to young men of ability to enter the service. Considering what banks, merchants, and squatters, give to their managers, I think £1,000 a year is not too much to give to the Under Secretaries. Other highly efficient public officers have been put down for small increases. We have a number of men in our Public Service who would be a credit to any service. I do not think any Government in the world is more faithfully served than the Government of this Colony, and it is well there should be graduating steps by which men of ability and long service may rise. It has been said that the Government has only increased the higher salaries; that is not true. The Government has thought carefully and anxiously for every grade of the Public Service. There are a number of people in the Public Service, such as constables, warders, boatmen, railway mechanics and labourers, who cannot, as a rule, rise very much in emolument by promotion, and the Government since it came into office has provided a reasonable increase in their pay in view of the increased cost of living. It is in this way that the salaries have been increased by £29,000. Of course it will be for the House to determine upon these matters for itself, when Estimates are submitted to them in detail. Now, if honorable members will turn to No. 3 of the Estimates of Ways and Means for 1876, they will find that the estimated surplus on the account for the year 1875, brought forward, amounts to £1,424,045. Old debentures falling due on the 1st January, 1876, amount to £434,200. That sum this Government has arranged to pay out of the surplus just alluded to, and since the 1st of July last, £400,000 in all have on public account been remitted to England towards it. On the 1st July next there will be a further amount of old debentures falling due to the extent of £301,600. By that time our surplus will have grown again to £1,100,000. We think it will be wise to clear off all the old loans and thus clear the way for our proposed new loans. The two sets of debentures of which I have spoken amount to £735,800, and they fall due, as I have said, next year. Seeing that we shall then have no more debentures falling due for twelve years, and seeing that we have abundance of money —that we shall have upwards of £900,000 still laying as surplus after this £735,800 is paid—I think it would be a stupid course not to pay off that amount. We should then be in a position of having met all our engagements over and above the ordinary expenditure of the Government in the last three or four years, reaching the amount of more than a million and a half sterling—met them as they became due, out of Consolidated Revenue—and shall have £900,000 lying in the Bank to

our credit as a clear surplus. Under such circumstances I think we shall be able to go into the world's money market and obtain loans on as favourable terms as any country existing. I know it has been whispered about the town that this Government have been sending money away and thereby restricting the trade of Sydney. Those who circulated such reports are under the impression that the Government did send money to England to pay the interest on the public debt. Because the Bank of New South Wales sent large sums in gold to England it is assumed that it was sent on the public account. But no other sum than £400,000 has been or will be sent to England, if this Government remains in office, up to the end of the year, for any Governmental purposes whatever. No money will in fact require to be sent. Our commercial affairs in this country would be bad indeed, if out of £1,400,000 of our surplus lying in the Banks on public account, we could not send £400,000 in £100,000 drafts month by month, to meet engagements as they fell due. That is all that we have done in that way. Now, with regard to paying off the £301,600, there will be no necessity to send money to England for that purpose, because we have still two authorized loans to the amount of over a million which we can negotiate in England, and thus not only save the exchange, but also the withdrawal of coin from the Colony. I am as well convinced as the keenest merchant in Sydney of the undesirableness of sending money out of the Colony, if it is fairly avoidable. But when we go into the London market for new loans, will it be nothing to be able to say that within the last three or four years we have met every obligation, notwithstanding that our liabilities that fell due other than those for current expenditure extended to more than a million and a half sterling, without renewals of any kind, but out of clear surplus revenue? I have had enough to do with Banks to know that a man who goes to renew an obligation has to pay a little more for the loan than the man who goes for a new transaction and is able to show that he has met his old obligations, and still has assets to an almost unlimited extent, as this Colony certainly has, in her 175,000,000 of acres of public land and in her great public works largely productive as they are. I desire to call attention to the fact that we will have, according to the Estimates I have submitted, an accumulated surplus in the Colony, at the end of 1876, notwithstanding that the old debentures, amounting to £735,800 to which I have alluded, will have been paid, with no liabilities against it, of £938,137. Presently I shall have to speak of the matter of the disposal of this surplus; but although it has been raining this afternoon, we cannot hide from ourselves that in the county of Cumberland and other districts we have some cause to look out lest we may have a dry time. And although we have by no means the same cause for alarm as regards the interior of the country, which I am glad to say is not suffering, I think we shall be wise in keeping some of this money—a large proportion of this money—unexpended, so as to meet difficulties should they come in the future. I wish to be understood that we are perfectly aware that we shall not always have times quite so rosy as those of the last four or five years. Like the last Government, this Government is desirous in every way in its power to facilitate the trade and commerce of the country. It will always be remembered to the credit of the last Government that they abolished the *ad valorem* duties; that they abolished the harbour dues at Newcastle. I think it will ever be a matter to stand to their credit, but I desire to remind them that in both those propositions they had my cordial and warm support. I supported them even against the speech made by the honorable and learned gentleman lately at the head of the Government—my friend and colleague, Sir James Martin, who made an attack upon these propositions, and it was I who replied to him, and defended, as far as I was able, the action of the Government in this regard, although its unmistakeable opponent otherwise. Before I sit down I shall make some propositions in the same direction; they will not be so small as to be unimportant to the commercial community, and through them therefore to the whole of the people, but they can by no means be so large as those made by the previous Government. I submit that what is for the benefit of the

mercantile people who supply the general population is for the benefit of the general public; for the competition between the mercantile people will ensure that they do not get more than a fair share of the profit springing from any relaxation of duties. I have said that, like the last Government, this Government have endeavoured to deal with and mitigate the restriction on trade, and facilitate the commerce of the Colony. My honorable colleague, the Colonial Treasurer, for whom I am acting to-day, put into execution in July last a plan for expediting the discharging of ships, and changing favourably to the mercantile community the practice regarding what is called "overtime." Every one knows that that has been a great advantage to the mercantile community. The ships are more speedily discharged, which is of itself a great benefit, and which has this collateral advantage, that the wharfs—our Circular Quay in particular—have been less crowded, because the quicker ships can be discharged the more accommodation there is to give. I think in this matter my honorable colleague has shown a disposition to facilitate the commerce of the port and of the Colony. On the 1st of this month we established a steam pilot service. I think that for many years past, and indeed it has been universally admitted, our pilot service has been a discredit to this port. If there was any one thing more than another in which we were behind the age it was in our pilot service. Time after time, debate after debate, during many years, when I have heard these pilots assailed for want of seamanship, for want of pluck, or for want of gallantry, I have always defended them, because I knew them to be able and gallant men. But as to the efficiency of the service, I have never defended that, and have now established a steam pilot service, approved of, I believe, by nine-tenths of the maritime people connected with this Colony. I hope it will succeed; it is now in operation, and I know while I continue to act for my friend the Colonial Treasurer, the man who is the cause of its failure in any regard may expect to come speedily to grief. Well, sir, we have put ourselves in communication with the neighbouring Colonies to obtain more favourable intercourse, including, of course, and mainly, the Border duties on the north and on the south—I mean the borders of Queensland on the one hand and Victoria on the other. I am glad to say I have received from each of those Colonies letters expressing a strong desire to carry out arrangements of the sort, and I think it is very likely we shall be able to propose something for the approbation of Parliament before very long. I should have taken the opportunity, when I was lately in Victoria, although not on business, of conferring with the leading Members of the Government upon this matter; but as honorable Members read the papers they must know the state of politics in Victoria, and they must be aware that there was hardly any one to approach with regard to it. No one knew who was likely to be at the head of affairs. However, being on tolerably friendly terms with all the principal men of all parties there, I found all of them were desirous of being friendly—and desirous of making the best bargain they could—for themselves. However, the Government will do nothing in regard to this matter without the approbation and countenance of our own Parliament. We will not involve the country at all without the approbation of Parliament. Besides these things I have mentioned, this Government have acted with Victoria in testing the natural strength of Australian wines, with a view to obtaining a reduction of the English duty. I suppose it will be admitted that wine-growing and wine-making is likely to be a matter of the greatest importance to this country; and it having become known, by the means which the Government of Victoria and the Government of this country adopted, that our wines are stronger than the wines of other countries, it is hoped that an arrangement will be made in England more favourable for the introduction of our wines into that Country than before. The Colonial Treasurer is in England, armed with all the papers and documents necessary to effect this purpose, and he will do all in his power to get such an arrangement made. Much fun has been made about the Circular Quay, but in a few days tenders will be invited for some improvements desirable there. The plans of these

improvements will be laid before Parliament, because, before any tender can be accepted the House must be asked to vote more money, and when the Secretary for Works asks for more money he will submit the plans, so that the House will be able to see what the Government are doing in regard to the matter. Well, sir, the late Government having obtained the repeal of all *ad valorem* duties and many of the specific duties, we now propose, with the same disposition to facilitate commerce, to reduce the number of lines of specific duties now remaining in our tariff by twenty-two—leaving only thirty-five. I do hope and trust, whether we are in office or whoever may be in office, that next year a still further reduction may be made, so as to bring the collection of duties at this port to a minimum as to the number of items, though I do not say so much as to the amount. Thus we shall rid ourselves of the expense, the worry, the trouble, the delay, and general inconvenience of passing entries for articles the duty on which is insignificant. The items and amounts we propose striking off and giving up are these:—Bacon and hams, £2,025; gunny bags, £94; biscuits, £878; blue, £724; cordage, £717. I may take the opportunity to say that, although the items of cordage, rope, and timber are for a large amount in the aggregate, I think we are entirely defensible in advising the House to do away with those items, for every one of these articles enters largely into consumption for the purpose of shipbuilding. Now, the present state of the shipbuilding trade is this: If a man brings a new ship here, ready built, and it may be with two suits of sails, cordage and rope, she comes in duty free; whereas if our own people build a ship, they must import and pay duty on much timber, and in an eminent degree for the cordage and rope. I think, if we are to say to our shipbuilding people, as we do say to them, "You must put up with free trade, because we want to be a free trade country and because it is for the interest of the general community as well as for your own," we ought to be able to say to them, when they remonstrate—though I do not know that they have remonstrated—we ought to say to them, "We will put no duties on those articles which you consume for the purpose of carrying out the business on which you are working, and thus in that way we bring work to your hands." I think it is indisputable that we ought at least to give our workmen a fair field and no favour in regard to this. Next comes —doors, £275; ginger, £560; maizena and corn flour, £200; mustard, £1,348; oilmen's stores — sauces and pickles, £2,320; paper—writing and fancy, £654; pepper, £702; rope, £935; sago, £634; and salt, £10,800. This last is a very large item, but I think it is defensible. We have between our seaboard and our rich inland plains, I think, about thirty millions of acres of land. That land is public land, in the hands of no man, and lying worthless. In order to utilize that land nothing is so valuable as the introduction of salt upon it; for every man who knows anything of sheep-farming or of country life knows that inferior land can only be used to advantage, if used to advantage at all, by large supplies of salt being given to the animals grazing thereupon. Removing the tax from salt is, therefore, on the part of the Government, an endeavour to utilize this immense public estate, so that it may be brought within the means of revenue; and I venture to say that far more revenue will be received from the now unoccupied land than will compensate for this duty on salt. It may be that the Committee will think otherwise, and that for this item there will require some defence. I do not desire to say more upon it now. I know it has been said that to take off this duty on salt will be greatly in favour of the squatters. I should not object to it on that account. But I happen to know better, and to know something about these interests. I know that salt is used now; but the quantity is infinitesimally smaller than that which will be used when this duty is taken off. It is the large amount of salt which I hope to see used, and the utilization of these poor lands now unused and lying so near the seaboard, which make me desirous of seeing this proposal carried out. The pastoral lands of the squatters are usually rich lands; the salt is wanted for poor land. I have made no proposal to reduce the charge on wire for fencing. If I had, that would be a very large reduction in

favour of pastoral interests; but I happen to know that the runs fenced in are the richest runs, and the owners of them can well afford to pay the tax on wire; therefore I have made no proposal to reduce that item. We propose to strike out the item of window-sashes, which brings in £43; and shot, which brings in £552; shutters, which seem to bring in nothing; spices, £638; timber (dressed), £938; timber (rough and undressed), £3,047; and vinegar, £2,034. Well, if the House agree to this reduction of twenty-two articles out of fifty-one, yielding, I think, a revenue of £1,200,000, or something of that kind, and these twenty-two yielding only £30,000, I think the House will do well; and if the House do this it will mean that we shall reduce our revenue from Customs by £30,118. I need scarcely say to any one who knows the trouble one has with regard to passing entries for small amounts, that a tremendous amount of trouble will be saved by striking off these twenty-two items. I venture to say that those people who import goods under those twenty-two lines spend twice as much money in running up and down to the Custom House, battling with the Collector and otherwise, as these duties yield. I do not propose to make these reductions without making another proposition in the way of augmenting our duties. I propose to ask the House to consent to an increase of six pence a pound on unmanufactured tobacco, and of threepence a pound on manufactured tobacco, the two yielding a revenue of £17,500, which deducted from the £30,000, leaves £12,500 a loss on the Customs.

MR. PIDDINGTON: What is the amount of the increase on tobacco?

MR. ROBERTSON: £17,500.

MR. PIDDINGTON: It appears by the Ways and Means about £40,000.

MR. ROBERTSON: £17,500 is the increase.

MR. PIDDINGTON: If the honorable gentleman will look at page 18 of the Ways and Means, he will see it is £40,000.

MR. ROBERTSON: It is anticipated that there will be a large increase this year other than that; and I will show the honorable member how that arises. It will be remembered that some years ago the late Government made a proposal to increase the duties on tobacco one shilling all round. A large amount of tobacco was taken out of bond, in anticipation of those duties being put on—a large amount was taken out of bond beyond the necessities of the year. So it turned out. In that year the duties on tobacco went up to £59,000, and the next year they came down nearly one-half. We hope now and believe the results of that have worn off, and that during the next year we shall have our fair and usual amount of tobacco brought under the Customs, and duty paid upon it. That is how that matter stands.

MR. PIDDINGTON: Look to the figures.

MR. ROBERTSON: That is precisely how it stands. I went through the matter with great care. Well, the new tariff will then stand, according to the paper I have in my hand:—Spirits as heretofore: wines as heretofore; sarsaparilla as heretofore; beer, ale, and portêr as heretofore; in fact, with the exception of those articles I have mentioned, the new tariff will stand as the present does, as honorable gentlemen will see in the paper now handed round, showing the tariff as it is proposed to modify it. The loss to the Customs by taking off the twenty-two items and putting the extra duty on tobacco will be £12,382. Putting a duty on tobacco is putting a duty on an article which is largely consumed by the working people of the country, and I may show that in taking off other duties I have not forgotten that fact. Bacon and hams working people use, biscuits they use, blue they use, ginger they use, of mustard they use a great deal; oilmen's stores and pickles they use very extensively; paper, for writing, they use; pepper, they use; sago, they use; salt, the people of the country and the free selectors use as much as any class does; shot, I suppose they fire shot; spice and vinegar they use largely. Resolutions will be submitted in due course, for the purpose of carrying out these proposals. Now as to the amount of the duties on tabacco and the mode of its distribution. The honorable gentleman opposite (Mr. Lloyd), when in power, proposed an equal increased duty all round of 1s. It cannot well be said that 6d. on one sort of tobacco and 3d. on another is too much. No one,

I think, will say that it is too much. Now as to the mode of distribution. I know something about this tobacco business, because I was a Minister of the Crown at the time when the law was first made favouring the leaf tobacco. Every one who knows anything about tobacco knows that there is from 25 to 33 per cent. waste on leaf properly so called, through the manufacturers having to take out the midribs, &c. That being so, the Government of which I was a member in 1861 divided the charge, leaving 2s. on the one and 1s. on the other. We thought that was a liberal allowance between the two sorts, and that it was but little more than fair, and so it was at the time; but now, instead of the leaf being imported as it was then, with all that waste to come out, it is imported without those stalks or midribs. The Americans found out that they could get the clear stuff in at the same charge as the grosser sort, and so, for a long time past, the leaf tobacco has been coming in free from waste. I submit, therefore, that the difference of 9d. between manufactured and unmanufactured tobacco now coming is an ample and liberal allowance. It is all very well for gentlemen who have made their thousands and tens of thousands a year out of this trade to complain of our taking away this protection to their monopoly—for monopoly it is. At the time I speak of tobacco manufacturers were not wealthy men, but men who were struggling to make their way in the world. I think it is time now that the public should have their share of this money, and I am sure no one can show that the allowance we have made is not fair or sufficient. With regard to the difference of duty on manufactured and on unmanufactured tobacco, I may mention that when I was in the Upper Chamber of the Legislature in 1861, in charge of the Bill under which a difference of 1s. per lb. was provided in favour of leaf tobacco against that manufactured, the Government of which I was a member was charged that they allowed too large a difference; and it was with very great difficulty that we got the Bill through, because the difference was so high; but as then the leaf had one-third of waste in it, which it has not now, I presume the loss of 3d. difference by the manufacturers will not be considered unfair. I do not know if honorable gentlemen are aware of the manner in which they deal with these things in the mother country. I am not much in the habit of referring to the mother country, because I think that men who have devoted their lives to the consideration of subjects in this country are as capable of forming a sound opinion upon them as men in any other country. But to-day a gentleman called my attention to what the duty is in the mother country. There, the duty on unmanufactured tobacco is 3s. per lb.; on quantities containing less than 10lbs. of moisture, 3s. 6d. The duty on manufactured tobacco is 4s. 6d. per lb. for cavendish and negrohead, and 4s. per pound for other tobacco, The rates I propose are 1s. 6d. on unmanufactured, and 2s. 3d. on manufactured, which is precisely the same proportion as that in the mother country; that is rather a remarkable fact. [MR. NELSON: They do not grow tobacco in England.] I see what the honorable member means. He thinks it may come to be protection. It may be that our tobacco-cultivating industry will largely increase. It may be so. At any rate, we have nothing to fear from that now. But, supposing it does happen, does the honorable member know the meaning of the word excise? Whenever tobacco is manufactured here to any great extent, we will know how to obtain duty from it. When the honorable member interrupted me I was about to show that our rates all round are just half of the English rates all round. It will be seen from the Loan Estimates that the Government propose to ask Parliament to sanction the raising of money by loan for Public Works to the amount of £3,300,000, and that upwards of £2,900,000 of that sum is intended to be raised for railway purposes. I apprehend that at this time of day there are few persons who will deny that it is proper to expend money largely for the construction of railways. If we are to hold our place with the rest of the world, I suppose that the matter of internal communication by means of railways is one of the greatest possible moment to us. The first item is £740,000 for a railway from Sydney to Wollongong. That is a very large sum. The honorable member (Mr. Lloyd) says "hear." It

was the Government of which the honorable gentleman was a member that caused the survey to be made; and I should have thought that he would feel complimented at our making provision for carrying out that which his Government so well began. But I suppose he was too busy with other matters to attend to what the Government was doing, and it may be that he was not aware of the more advanced plan of his honorable friend and colleague, the late Minister for Works (Mr. Sutherland). The surveys for this line were made to a large extent under the auspices of the Government in which he was Treasurer, and the honorable member advanced the money out of the Treasurers Advance Account before it was voted for doing the work; or at any rate the work was in the course of being carried out before the money was voted by Parliament for it. But may I inform the honorable gentleman of another step his Government took, that they left in their Draft Estimates a provision for this work signed I think, "G. A. Lloyd."

MR. LLOYD: I will guarantee that it is not so.

MR. ROBERTSON: I will be able to show the honorable gentleman. His proposal went about two-thirds the length of ours. It was I think an estimate for £300,000. Ours is for £740,000.

MR. LLOYD: I shall believe it when I see it.

MR. ROBERTSON: I will take good care that the honorable gentleman does see it. I do not mean for a moment to say that we put this sum on the Estimates because the honorable gentleman opposite did so. I should be ashamed of myself if I had no better reason.

MR. PARKES: I must certainly say we never placed any sum on the Estimates. Nor did we consider it. I defy any one to produce proof of it.

MR. ROBERTSON: I find it upon the Estimates, and I find also what Minister authorised it to be done. [MR. PARKES: Who authorised it?] I will not go into that now; but I hold the paper in my hand signed by his colleague, and the honorable member can see if he pleases. However, it is no use bothering about it, because I do not rely on it. I rely upon this Estimate because I think we can defend it, and because a large number of people in this community press upon the the Government to have the work done —people representing every class and every interest. [MR. DIBBS: You will make a job] Whether that be so or not, I am going to show reasons which induced the Government to put this money on the Estimates. This railway to Wollongong along the southern coast, not only would bring into Sydney a large amount of produce, as other districts do, from agricultural industry and other pursuits, but would be a means of enabling the people of Sydney to make residences for themselves in the country. Beyond all that, too, there would be, as we believe, a large amount of coal brought to the deep waters of Sydney harbour. The reasons I have submitted are sufficient to induce the Government to give the Parliament an opportunity of determining the matter by a specific vote. I have said that this Government is desirous of facilitating the trade and commerce of the Country, and I say in the hearing of mercantile men here, that nothing would so facilitate the trade and commerce of this Colony, and of Sydney in particular, as that great ships should be able at all times to discharge their cargo, and without going outside the Heads receive a full cargo of coal. The freight to this port would then be infinitely lower than it is now either to Sydney or to the port of Melbourne, and we should do much to make Sydney the great *entrepôt* of these seas for the purposes of trade and commerce. It may be said, why cannot these ships be loaded in Newcastle? But shipowners will not allow their ships to go from here to Newcastle without a very high charge. [MR. DIBBS: Don't make statements that are not correct.] His friend was making a mistake. There is increased risk in empty vessels going from Sydney to Newcastle, and the Insurance Companies will soon realise that fact; at any rate we have submitted the proposal to be dealt with by Parliament as one that we did not think should be refused by us other than through the Parliament. It has been asked why we have made no provision for a railway to Newcastle. Surveys are being carried out. You cannot make provision on Estimates until you ascertain the cost.

That is an answer to that inquiry. We propose to extend the railway from Redfern into Sydney, at a cost of £170,000, if carried out according to the plans proposed, which will be laid on the table, and the House will be asked to vote a loan for that amount. There is one item which I hope will secure the support of the honorable member for Orange—that is the sum of £619,000 to extend the railway from Orange to Wellington and Dubbo. [Mr. Nelson: The best paying line in the Colony.] I was the first who recommended to Parliament that we should lay our running so that the Western Railway should strike the Darling at a suitable place below Fort Bourke, and thus utilize the navigable waters of that river. So long ago as 1861, when I was a member of a Government consisting of a body of gentlemen with whom I had been long associated, and with whom I desired to continue to be associated, that Cabinet desired that we should carry a resolution in Parliament to extend the Southern line only, for the purpose of securing what is now called the Riverine trade. That may have been wise or not wise, but the fact remains; I refused to move in the Upper House a resolution of that kind, which would indicate that we were going on to a far greater distance with that line than any other line in the Colony. I have always thought the most important and valuable line was the Western line. That line passing away into the interior may be said to be likely to receive tributaries as waters fall into a great river. On the one side and on the other side would traffic fall into a line like that. Whereas from the Northern and Southern lines no such great advantage could spring. So strong was my conviction at that time that I was right, that I would not commit myself to a policy of a line going south beyond Goulburn until a line was carried to something like an equivalent distance in the West—and that would be found reported in my speech at the time, though speeches in the Upper House then, as now, were not reported so fully as those delivered in this Chamber. The extension of the line to Dubbo will be a large increase of distance in a westerly direction. The distance from Orange to Dubbo, I think, is about 84 miles. It will aid our people very much indeed in bringing their produce to the harbour of Port Jackson. Then we propose to spend £384,000 on the extension of the Southern line from Junee to the deep waters of the Murrumbidgee, at Narrandera. If that be done, it will enable all the great waters of the western interior of this country to be used by vessels in bringing produce to the railway for transport to Sydney. No doubt it will be desirable to carry the railway further in that direction. But what we propose now is to go from the point to which the extension was sanctioned by the late Government to the south to the deep waters of the Murrumbidgee—a proposition which was made many years ago by the Government of which Sir James Martin was Premier and I think Mr. Parkes Colonial Secretary. Our cheaper coal than that which can be used on the Victorian lines will do much to counterbalance the disadvantage of greater distance from Sydney, especially when it is remembered that coal can be put on the train 100 miles south of Sydney. Then we propose to carry a railway from Tamworth to Armidale. Any one who knows that country knows that some of the best of our land lies along the table-land of New England, and that it is a country capable of producing cereals to almost any extent. And we hope some day the line will be extended further. I suppose no one who knows the district would dispute that Armidale is one of the most important of our inland towns, and equal to any at the same distance from Sydney to the south or to the west. Well, then again on the north we propose to carry a railway line from Werris Creek to Gunnedah on the Namoi River, and thus tap that great river, one of the finest of our inland rivers. Having lived many years, in my early days, on that river, I think I am quite well enough informed of its capabilities to know that a large amount of production would spring up there. Another thing is that the railway will be carried out at the low rate of £5,000 per mile. It would be through a country of soft black soil where it is impossible to make macadamized roads. There is no material for the purpose of making ordinary roads. The cheapest road would be the railroad. And we are doing something more, which

I dare say very few people are aware of. In 1836 I travelled between the Namoi and the Castlereagh Rivers, looking for sheep land. I passed through a great deal of bad country, but the only forest I have ever seen worthy of the name of forest—such forests as we hear of as existing in other lands—lies between those two rivers. For miles and miles the country is thickly studded with the finest iron-bark timber, and in my opinion it is from there that we shall have to get sleepers for our railways and timber for our public works. I regret we are not in a position to lay before the House a proposal for a railway through one of our best and most thickly populated districts—the Clarence. I was very anxious that we should make a proposal for a railway there. But according to the surveys made it would cost £1,800,000 to carry it 120 miles on to the table-land, and then it would be 120 miles from the Queensland border. It would, after the railway had been constructed to the table-land, cost £7,000 a mile to carry it to Tenterfield and Maryland. It will, therefore, be seen that a line by the route surveyed would be very costly. But surveys are now being made for a line from Grafton to Tenterfield, by a route 60 miles nearer the Queensland border than the present surveyed route, and we hope at a far less cost, to the table-land than would be the cost to Glen Innes. I think the Government would have been culpable if they had brought down any proposition for a railway from Grafton to the New England table-land until we had seen what could be done with a route nearer the Border—a direct line from Grafton to Tenterfield. The Clarence is a district with which I am well acquainted, and which I have twice represented. And I hesitate not to say that there is no part of the country where public money might be better expended for the purpose of a railway than there. In 1860, the Government of which I was a member was anxious to do what it could for the district, and it proposed a tramway as a means of facilitating an interchange of the produce of the Clarence district and the New England table-land country. Perhaps the House did wisely in not accepting the proposal. For as yet tramways do not seem to have been very beneficial in this Colony. But it seems to me that the time has now come when, as soon as plans exhibiting the best way of using public money for the purpose are prepared, the Government, either the present or any other Government, should deal with this matter. I have shown by the proposals in the Loan Estimates that the Government is asking Parliament to authorize the raising of £3,303,900 by loan; and this seems to me to be a convenient time for looking into our public debt. If honorable gentlemen will look at the Ways and Means now before them, they will find that at the end of 1875 the public debt will be £11,473,437. We shall have at that time in the banks, beyond requirements, £1,424,000; the balance outstanding on conditional purchases will then amount to £4,828,080—in all, £6,252,000 of cash or security for money. Deduct that from the £11,473,437, and the whole of our indebtedness will be found to be £5,221,437, and we have as public assets Railways and other Public Works and 175 millions of acres of public land. But let us look at our position from another point of view. We have rent and interest from Crown Lands, other than from sales, amounting to £378,500. I have never been reported correctly by the press on this matter. The press will persist in mixing up the produce of sales with rents of Crown Lands. I hope I shall be reported correctly this time. Then we shall receive from our railways, clear of working expenses, £317,000. We shall therefore receive from these two items alone an income of £695,500 irrespective of taxation. Under such circumstances I do not think the small addition to our public debt which we propose is at all an unwise addition. As I have said, we have independently of taxation, a revenue of £695,500, a sum sufficient to pay the interest on a debt of £14,000,000 without drawing one farthing raised by taxation. It may be said, in fact it has been said a thousand times, that the conditional purchasers do not pay their balances. Well, they have already paid a large amount of their balances, as well as the 25 per cent. deposit. It has been put forward in the press, and in this House, that the conditional purchasers would not pay interest on their balances. They have been traduced in the most unwarrantable manner. Now let us

see about that. I hold in my hand a statement showing the amount received for interest on conditional purchases from 1865, the first year that any interest was due, down to 1874. In 1865 they paid £6,548; in 1866, £12,456; in 1867, £15,002; in 1868, £18,129; in 1869, £24,360; in 1870, £30,057; in 1871, 38,001; in 1872, £45, 676; in 1873, £54,402; and in 1874, £63,344; in all there had been paid as interest £307,979. Now honorable members will probably want to know the deficiency debt for interest owing by these people, who had been traduced from one end of the country to the other. And how much do honorable members suppose remains unpaid compared with the enormous sum paid by those people? £5,501 9s. 9d.—not 2 per cent. on the aggregate amount due by them from the first payment to the present time. The interest has been paid so regularly that there is scarcely 2 per cent. in the aggregate remaining unpaid. I wonder that some of the new land reformers have never made this discovery. That is a feather in the cap of those people. [MR. NELSON: They made the discovery long ago.] Then they kept it all to themselves. No one ever heard it exhibited before, either here or elsewhere. They know a good deal—like the wise parrot; they think more than they express. But they never gave expression to that. I have no doubt that before I sit down it will be expected of me to say what course the Government will pursue with regard to the banking business. On the 30th June next our arrangements for the banking business with the Bank of New South Wales will terminate, and the time will come when the Government will be called upon to take some action with regard to this matter. We shall have a large amount of this business, which has grown to an enormous extent, and a large amount of surplus money which it has become of the greatest possible importance to deal with satisfactorily in regard to the affairs of the Country. I have given some considerable attention to this matter, and it is my intention before the close of this Session to submit to Parliament the course we propose to pursue with regard to this business. I think it is a matter of such great magnitude that no Government should enter upon it behind the back of Parliament, or without the approbation of Parliament. And that is the course we will take with regard to the banking business and the surplus money. It has been frequently said, and one of our newspapers seems to devote its leading columns to make it appear that our Colony is living, as far as expenditure is concerned, upon sales of Crown Lands. I shall venture to give expression to my views upon this matter, and to explain to the House and to the country what it seems to me is the true state of this business. The honorable member for Newcastle, when Colonial Treasurer, on dealing with our finances on the 19th November last—a little more than a year ago—in a very able and elaborate and conclusive speech, as it seemed to me, demolished, up to that time at any rate, the allegation which had before been put forward. I commend honorable members to the perusal of the documents appended to the printed speech of the honorable member for Newcastle, Mr. Lloyd, delivered on the 19th November, 1874. There will be found an elaborate and carefully prepared exhibit of the whole question up to that time; and although I did not concur in the honorable gentleman's remarks entirely, I did so, and I told him so at the time, in all the substantialities he put forward. I have spoken on this subject many times, and I have taken the same line of argument as the honorable member for Newcastle. I spoke upon it as long back as 1859, and I have obtained an extract from a speech I made in 1861, with which the views propounded by the honorable member for Newcastle are at any rate very much in accord—of course, making allowance for the inaccuracy of the report, for I was not charged with the finances of the country at the time, and I could not expect to be fully reported—but my words as reported were these:—"It was not true, as alleged over and over again"—and that newspaper has from that time to this hammered away at this, I do not know with what object, but I do know that it has done infinite injury to this Colony—"It was not true, as had been alleged over and over again, and particularly by the honorable member for East Sydney (Mr. Parkes), that the Government were using the proceeds of the land for improper purposes. Those proceeds

were applied for permanent public improvements, for education, and other appropriate purposes, and not one farthing was applied to any matter to which objection could fairly be taken. This would be seen when he informed them how the money really was expended. The interest on outstanding debentures, and new loans, endowments of public institutions, and municipalities was £206,500. There was also another small item which was with equal fairness chargeable upon the land revenue — that was £2,011 for pensions to gentlemen who had retired from the land service (consisting chiefly of those who had been in connection with the Survey Department. The schools of the Colony received £57,022. It would not be denied that that was a fair charge upon the land revenue. Then there were £18,000 for lunatic asylums. He believed that in America benevolent asylums and charitable institutions of every kind were endowed with grants of the public land. Here we parted with land for money and gave the society a share of that money. There was also £2,550 for grants in aid of public institutions. The land department in all its branches amounted to some £200,000 a year. The management, construction, and maintenance of the main roads of the Colony were set down at £98,623, public buildings of a permanent character at £59,702. Those items, with some smaller matters, gave a total of £643,188, chargeable on the land revenue of 1861, and he thought it could not be denied that they were fairly chargeable upon that revenue. The income from the public lands as estimated for 1861 was £455,800. So that everything derived from the lands, and £219,000 besides, raised from taxation, were expended on matters which were fairly chargeable on the land revenue. What then became of the statement honorable members so frequently and so flippantly made, that the Government were expending the proceeds of the land for mere Governmental matters." Well, sir, I shall proceed to show in what way these estimates now before Parliament are chargeable with the use of the proceeds of the sales of land beyond what it is fair and reasonable these proceeds should be expended upon. And I would here desire to say that suppose this land belonged to an individual and he desired to make it marketable, how could he do so better than by introducing immigration, by making roads, by making railways through it, by carrying postal services and telegraphic services through it, building court-houses, and of establishing police for the protection of those who reside there? How could the land be made more valuable than by these expenditures? Many years ago, and the honorable member for East Sydney, Mr. Parkes, will well remember, this chamber had on its benches some of the ablest men who ever sat here, such men as the Right Honorable Mr. Lowe, Mr. Wentworth, Mr. Richard Windeyer, and a host of other shining lights. In those days how many times has Mr. Wentworth, who ought of all others to know this Country, how many times has Mr. Wentworth stated that much of the land in the interior of this country were not worth two pence per acre. It was true then; but it was by these expenditures, of which I have spoken, that the land has become habitable by respectable families, and centres of population have sprung up in them, and now these lands are sold to an enormous extent—£1,500,000 was received this year for land sold at a pound per acre. I say then that I am quite warranted, and the honorable member for Newcastle was quite warranted, in saying that this large estate was in the hands of those who would augment the value of it by the means to which I have alluded. Now, I will endeavour to go through some of these matters in detail as they stand on these estimates, but before I do so I want to point out how this land revenue has grown. I take the time from twenty years ago, and there is not only a steady increase of land revenue by way of sales, but there is also a steady increase in rent. The income from the sale of lands has gone on steadily increasing from year to year. [MR. NELSON: it has not reached the maximum yet.] I have never said it has. I hope it has not. I hope the honorable gentleman's great grandchildren will never see the maximum. I hope it will go on for many years to come. I

believe, and always have believed, that the sale of territory, to the extent that we can sell it, will not reduce our rent in the aggregate, although doubtless it will reduce the rent of particular stations. The rent steadily increases. The sale of land takes people into the interior, and they increase the value of the public estate by way of rent as well as by way of sales. I am not so far away in opinion from the honorable gentleman, only I fancy I have more experience in the matter, and am more likely to be cautious with regard to this land question, so as to keep my foot on firm ground and avoid the necessity to retrace my steps. In 1856, when we had the Colony of Queensland as a part of our Colony, our land sales were £245,000, and our land rents £125,000. I am speaking in round numbers. In 1857, still while Queensland was a part of this Colony, our land sales were £210,000, and our land rents £104,000; and that was the last year's income before I took charge of the land question. In January of 1858, now nearly eighteen years ago, I became Secretary for Lands and Public Works, and I brought in a bill to augment the rents—to have a fair rent from the public land; and in that year we received for rents £172,000 as against £104,000 in the year before. We received for sales in 1858 £240,000. In 1859, still with Queensland attached, we sold land to the amount of £252,000, and we had rents £232,000. At the end of that year Queensland was cut off from us. In 1860 we had sales of land amounting to £155,000, and rents £167,000. That was for the single Colony. In 1861 we had sales £222,000, and rents £171,000. In 1862 we had sales £212,000, and rents £212,000. In 1863 we had sales £186,000, and rents £187,000. In 1864 we had sales £106,000, and rents £192,000. In 1865 we had sales £202,000, and rents, &c., £323,000. In 1866 we had sales £242,000, and rents, &c., £295,000. In 1867 we had sales £235,000, and rents, &c., £292,000. In 1868 we had sales £238,000, and rents, &c., £290,000. In 1869 we had sales £287,000, and rents, &c., £285,000. In 1870 we had sales £211,000, and rents, &c., £252,000. In 1871 we had sales £216,000, and rents, &c., £264,000. In 1872 we had sales £380,000, and rents, &c., £446,000. That was during the mineral lease mania. In 1873 we had sales £774,000, and rents, &c., £338,000. In 1874 we had sales £1,000,000, and rents, &c., £324,000. In 1875 we had sales £1,588,000, and rents, &c., £341,000. In 1876 we estimate sales £1,495,000, and rents, &c., £378,000. Thus after these twenty years, having received nearly £7,000,000 for land sold, we have a rental, &c., from land of £378,000, against a rental of twenty years before (of the whole country, including Queensland), of £125,000. Now what becomes of all those puny anxieties put forward day by day that we are wastefully selling our public land and destroying our rental? Our rental is going on and there is no fear of its not going on. Our rental is based now on the fairest principal that ever a rent was based upon in the world. Dishonest men may deal with it, but that does not affect the principle of it. It is all very well for the newspapers and others to talk of what they have in Victoria; how much an acre, or how much a sheep, or something of that kind. Those who talk like that know little about the matter. The Colony of Victoria is not to be compared to our great territory, none of it is more than 180 miles from the seaboard, while our lands extend to 800 miles back, and all who think must be aware that the position of land forms a great element in determining its rental value. It is to bring the profits of our distant land—sometimes 800 miles from Sydney—to our sea-board that we desire to carry the railways further into the interior. It is by these means—by roads and by electric telegraphs—by postal service—by the establishment of police—of courts—of gaols—and last but not least, of schools—that we induce people to go out into those distant lands and reside, and thus increase the value of the Crown lands, not only for the purpose of sale but for the purpose of rent. I have shown how the rent has been increasing with the sales during the last twenty years. I digressed from that part of the matter which I was discussing, and in which I substantially agreed with the honorable member for

Newcastle, to go into this question about the sales of our public land, because it is impossible to continue this discussion in the manner in which I would like to lay it before the House without branching from one part of the subject to another. It will be found by our Ways and Means that our gross estimated expenditure for 1876 is £3,917,000, which includes revotes for public works £75,200, and refund of land revenue £50,000, or together £125,200, which, in dealing with the matter as I propose to do, fairly comes off the expenditure of £3,917,000 of the year 1876, leaving it at £3,791,807. The estimated revenue, as shown at page 17 of Ways and Means, will be found to be £4,166,900. If out of this we take the land sales revenue, viz., £1,545,000, there will be left a sum of £2,621,900 which is our revenue other than that derived from land sales. Deducting this amount from the reduced expenditure of £3,791,807, there remains a difference of £1,169,907, which would require to be accounted for were land sales revenue separated from taxation and for revenue for use of public property. Before showing the expenditure which, in my opinion, is fairly chargeable to the estimated receipts from land sales revenue, in consequence of our landed estate, and of course its selling price, being enhanced thereby, I desire to read an abstract statement showing the estimated revenue and receipts for 1876, exclusive of sales of Crown Lands:—Customs, £1,001,600; duty on refined sugar and mollasses, £30,000, duty on spirits distilled in the Colony, £9,000; gold revenue, £17,100; Mint receipts, £14,000; stamps, £50,000; pilotage rates, harbour dues, and fees, £30,000; land revenue (exclusive of sales), £378,500; rents (exclusive of land), £29,600; contributions under the Sheep Diseases Prevention Act of 1866, £12,000; fees under Registration of Brands Act, £1,500; railway receipts, £675,000; postage, £112,000; commission on money orders, £4,300; electric telegraph receipts, £48,000; licenses, £88,400; fees of office, £32,850; fines and forfeitures, £7,200; miscellaneous, £80,850. Our whole income, therefore, irrespective of land sales, is thus £2,621,900. Our land sales proper will be £1,480,000, and balances of conditional purchases £65,000, or together £1,545,000. Now, in dealing with the difference of £1,169,907 alluded to, I have had prepared a rough statement of certain expenditure included in the Estimates-in-Chief for 1876, which I have already stated I considered fairly chargeable to the estimated receipts from land sales during same year, as calculated to to increase the value of our landed estate and of course its selling price, and from which I will now read the particulars:—Expenses of the Lands Department, other than the Occupation Branch, £275,000. Then there is a provision of £50,000 for immigration; for agricultural societies, £4,000; police (one third of the whole), £52,000; gaols (expenditure beyond settled districts), £5,200; administration of justice (ditto), £36,500; purchase of sites and erection of permanent buildings for public schools, £100,000 I think it is a good exchange to employ some of the money gained by land sales on buildings for education—not trifling shanties, but good permanent public buildings. For postal services, difference between revenue and expenditure, £87,000; for the difference between the revenue and expenditure on telegraphs, and interest on capital, £48,000; for railways, construction expenses, £12,448. With regard to railways I take precisely the same view as the honorable member for Newcastle (Mr. Lloyd). I think that the loss upon railways may fairly be made a charge upon the land, because the railways largely increase the value of land. I have therefore taken £100,000 as interest on loans for railways in excess of surplus earnings beyond working expenses. Interest on loans already raised for public works and buildings, immigration, and other services of a national and permanent character—less interest, £10,885, saved on the debentures to be paid off in 1876 to the amount of £735,800—£117,353; Public Works and Buildings, Colonial Architect's Department, £163,220; Harbours and Rivers Navigation, Public Works, £35,700; and Roads and Bridges, £60,000. These together amount to £1,146,421, which is only £23,486 less than the difference I have been trying to account for. Over and above this expenditure the land sales revenue gives us the

surplus of £249,892, which we estimate to have at the end of the year 1876, and that is independent of the balance on the cumulative surplus of the years 1874 and 1875, which after paying off the debentures falling due in 1876 to the amount of £735,800, will be £688,245, By the Constitution Act it is determined that all the revenue, including land revenue, shall form a Consolidated Revenue Fund for the Colony. I am aware that there are some persons who take a different view of the matter, and maintain that our land revenue should be kept distinct from revenue derived from taxation and other receipts fairly chargeable with the ordinary expenditure of the Government. If honorable members care however, to refer to the time when the Honorable Robert Lowe was a member of the Legislative Council which occupied these walls, they will find that he was chairman of a committee on which were some of the most distinguished men this Colony has seen; and that committee made it a point to bring the land sales revenue, and all the revenue of this Colony, into one Consolidated Revenue Fund; and any Government who, for any fanciful reason, would go back from that system would take a very wrong course indeed. Therefore I say that this land sales revenue can fairly and properly be expended upon permanent public works in the Colony, and for immigration. If the money cannot be expended in that way, I should like to know what is to be done with it. It has been said that I am opposed to immigration, but that is untrue; I never was opposed to immigration. The best regulations that ever we had in this country, and the only regulations that ever worked well, were drawn by my hand, but they were destroyed through a feeling of wretched bigotry. It is a scandal upon me, therefore, to say that I am opposed to immigration. While I desire to see the population of our country largely increased, I shall refuse, as far as ever I have the power, to use any of our public money for the purpose of bringing down the price of labour, or for aiding employers to battle against employed. I have always been opposed to doing that, and I am not the man to turn round now upon those opinions. I have brought forward a bill for the purpose of making agreements binding in this Colony wheresoever they may be made, for it has been held that agreements made out of the Colony are not binding here. Those therefore, who wish to employ people from abroad can bring them from any place they please, when that bill passes, provided it is a place where the Government has an official, whose duty will be to certify to the agreements; and provided that that officer duly certifies that the employee was properly informed of the state of wages in the Colony, the rates of living, &c., and that no such agreement shall be for a longer period than two years. The Government will not appoint any official to any country without the knowledge of Parliament; and it will only be from places where there is a duly authorized official to certify to the agreements that people can be brought. Then those who want to employ men may make agreements with them and pay to bring them over here. If employers want labour they will send for it; if they do not want it they will not send for it. Then also we will have the best men coming here, because employers will not pay the passages of inferior men. In proposing £50,000 for immigration, it is not the object of the Government to interfere between employer and employed, but to aid in the colonization of the country. I think that when married men come to this country, leaving their wives and families behind them, the Government might assist them to come out; and the same thing might be done in other cases where persons came here leaving friends behind them, or whether or not. My honorable friend, the Secretary for Works, received a letter from the chairman of a large meeting of workmen at Dunedin, in New Zealand, stating that work could not be got there, and asking this Government to give facilities to enable the men to come here. How can this Government do that? If agreements such as those I speak of were legalized, an employer of labour could bring them here, to the mutual advantage of employer and employed. When I was in Melbourne, the other day, I was beset by people wanting passages to New South Wales, but I would not interfere between employer and employed in that

way. If agreements made in Victoria held good here, any one could send for them. Only the other day Amos Bros. brought navvies over from Queensland for their works. But when the navvies came, they left them and went to work for other people. I think that is not right. Wakeford, another railway contractor, brought a number of railway labourers from Melbourne, and they also as soon as they came engaged with other contractors. I suppose they thought they could do it under the law; but it is not fair. It is by the expansive provisions of such a Bill as the Government have proposed that we shall be able to carry out all the works in the country, whether public or private, by importations from England and elsewhere, without doing injustice to any one. It is by such a measure that we shall be able to provide for the improvement of our country without any difficulties whatever. No doubt it will be said advantage will be taken of people in making these agreements. But as there will be a Government official appointed especially for the purpose of informing them, and certifying on the agreements that he did so, and as the agreements will not last more than two years, I do not think there will be any injustice. We must not lag in the race of progress. We must do all we can to increase our population, and with it our prosperity. I feel I ought to apologise for having occupied the attention of the House at so great a length as I have felt it my duty to do. I have taken a wider range in dealing with this question of the finances than has hitherto been the practice. I will doubtless be pardoned, from having so much other work, for not having managed this deliverance so as to condense it as it might, if I had possessed ampler leisure, no doubt have been condensed. But I have done what I could under the circumstances in which I have been placed. I apologize to the House for my deficiencies, and offer my thanks for the kind consideration honorable members have given me on one side and on the other while making this statement of our finances.

MR. PIDDINGTON: Before the honorable gentleman sits down, I would like to remind him that I have not heard any explanations with regard to a proposition for new Stamp Duties.

MR. ROBERTSON: I am very glad the honorable member mentioned the stamps. The honorable gentleman, doubtless, alludes to the £50,000 for 1876 for stamps. There is, I am informed, £100,000 due to the Government in connection with the business that occurred during the period of the last Stamp Act. It is the opinion of the Crown Law Officers that this money can only be recovered by the Commissioner for Stamps. All therefore that will be necessary to recover that sum would be to pass a law authorizing the appointment of a Commissioner of Stamps. Now, I am not about to pretend that that is the kind of Stamp Act that we talked of introducing, in the Governor's speech at the opening of the Session; but I think, in view of the strongly expressed opinion of a large number of members of Parliament that the Session should not be unnecessarily prolonged, that we shall be obliged in spite of ourselves to do without passing a Stamp Act this Session. If there is the least indication that it is the wish of the House to go on with the Bill it will be proceeded with.

THE HONORABLE ALEXANDER STUART.

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE ALEXANDER STUART, made 24th January, 1877.

LEGISLATIVE ASSEMBLY.

24 January, 1877.

FINANCIAL STATEMENT.

MR. FARNELL: I beg to move that there be granted to Her Majesty, out of the Consolidated Revenue Fund, the sum of £1,733, to meet expenses in connection with the establishment of His Excellency the Governor for the year 1877. In making this motion, sir, I wish to embrace the opportunity afforded me of making to the Committee a statement on the financial position and prospects of the Colony. I am aware that I may be open to the adverse criticism of having to some extent departed from the ordinary practice of making the Financial Speech before the close of the year preceding that to which the Estimates refer; and yet I would remind those who feel inclined to take this view that we are not without precedent for the course I have adopted—several times since the advent of responsible Government the Financial Speech has been delivered as late as the month of February. Each occasion no doubt has been justified by peculiar circumstances, and I claim like justification at the present time. It is not my duty now to delay you by defending the policy of calling Parliament together at the late period of the year at which it commenced its sittings; that has already been justified to the satisfaction of the House and I believe of the country at large; that very lateness however has made it a matter of necessity that the Financial Statement should be delayed until after the Christmas recess. The Estimates were laid on the table prior to that recess in order that the Committee might understand the amount and specific nature of the supply which they would be asked to grant for the expenses of the year, but it would have ill become me to have forced on the discussion upon these Estimates before honorable members had had an opportunity of maturely considering them. Having then been thus led by circumstances to the beginning of the new year, I have postponed my address until the present day, in order that I might have the advantage of dealing with the accounts for 1876 in their entirety, instead of being obliged to content myself with an estimate only for the last few weeks of December. This course, though it may not satisfy the eager desire of some, will nevertheless I think be satisfactory to a large majority of the Committee. Before entering in detail upon the accounts specifically connected with the years 1876 and 1877, I trust that the Committee will bear with me while I take a somewhat wider review of the general position of the finances of the Colony, even at the risk of detaining the Committee for some time. Much has been said and written on the subject—views very opposite in their character have been promulgated with regard to the soundness or otherwise of our position—for while some have asserted that we are only opening out a long vista of boundless prosperity in the course of which we can launch out into whatever extravagance our prurient fancy may prompt us to

indulge in, others have not hesitated to characterize our course as one of a perilously downward character, leading us to financial ruin, all the more certain because unheeded, as the poor Canadian boatman floating onwards in the easy ripple of the river awakes not to his danger until, drawn within the whirling vortex of the rapids, he is unable to stem the tide of destruction that has set in upon him, and is engulphed by the mass of waters which he can no longer control. I hold neither of these extreme views, but while seeing before us a future of immense wealth still to be derived from our valuable Crown Lands, I am deeply impressed that that wealth can only become ours by a wise administration of that which is being realized, and by a constant watchfulness against undue expenditure of a useless and unproductive character, while we hesitate not to open the hand with a ready liberality whenever a beneficial result may be expected to flow from such a course. I have therefore felt not only that it was my duty, but that this Committee had a right to expect of me that, in laying these matters before you, I should not confine my remarks to the present year, but should endeavour to take a comprehensive review of the whole situation. Statistics are proverbially dry and uninteresting, but as I am exceedingly anxious that every member of this Committee (as well as many of the public outside), whether agreeing with me or not in the deductions which I make, should clearly understand the national accounts, which somehow or other, although in my opinion clearly enough stated in the form in which they are issued from the Treasury, are so often garbled, confused, or misunderstood by those who will not take the trouble to master them, or who will not seek the explanation or advice of those who do understand them, it will be my endeavour to place these accounts before you as clearly and intelligently as I can, and to relieve my statement as much as possible from being a set of mere dull statistical tables. As a help towards this desirable end, I will, in dealing with the figures, speak of them by the nearest thousand or hundred, instead of cumbering my speech and confusing the Committee with the smaller pounds shillings and pence, which will, however, as a matter of course, appear in the accounts to be laid before you. If the total amount of money received into the Treasury during the past year were really the annual produce of the national estate (whether of land or of the right of taxation, or charge for services rendered) my task would be comparatively an easy one. The complex character, however, not only of the income but also of the expenditure, surrounds the whole subject with considerable difficulty; nay, I might go farther, and say that the difficulty is immeasurably increased by the complex nature of the very functions of the Government itself, being not only the governing body charged with the administration of law and preservation of peace, but being, in virtue of its ownership of the Railways, the grand purveyor for the travelling convenience of the public and the caterer for its pleasure excursions; and being, over and above all this, the owner and administrator of an enormous domain, which not only yields a large annual income or revenue, but comprises an estate eagerly sought for by willing purchasers, and which brings by its gradual alienation a large sum annually into the Treasury of the Colony. I regard the national income (and here I do not use the word income in the restricted sense of annual profit, but as comprising the whole of the money which annually finds its way into the Treasury for the public benefit) as being derived from several entirely distinct sources, and in this view it is to be regretted that the necessary adherence to our Constitution Act compels us to call it all by the generic name of "Consolidated Revenue," in place of apportioning it under its distinct heads, to each of which might have allotted its specific expenditure. Could such a course have been adopted, the tendency to confused notions upon the position of our finances might have been to a great degree avoided, and we should have better understood the exact position of the national resources, assets, and liabilities. Nor is it the income alone that is thus complex in its character, but the expenditure follows the same rule, and requires to be as carefully examined and sifted before we can arrive at a correct appreciation of the true position of our finances. We must endeavour

to ascertain or estimate what portion of that expenditure is due to the ingathering of our extraordinary, or what I may perhaps more conveniently call our abnormal income, and how much would still be justifiable and necessary were we confined to those sources of income which are more ordinarily classed under the general title of revenue, as in the mother country and elsewhere. I purpose now so to analyse the accounts as to bring the main features into such prominence as will enable all who choose to examine for themselves, to see them cleared of much of what appears to many persons the mystification which now surrounds them. With this view I would divide the revenue into two main divisions or heads, viz. :—1. The revenue proper, or ordinary income, derived from —(1.) Taxation; which embraces—(*a.*) Customs and other taxation of an indirect character. (*b.*) Stamps, licenses, and other taxation of direct character. (2.) Charges for services performed, which embraces receipts from—(*a.*) Railways. (*b.*) Postage, telegraphs, pilotage, fees of office, &c. (3.) The annual return from, or usufruct of, the great landed estate of the nation; and this I would also subdivide into—(*a.*) Rental, grass right, and mining occupation of the unalienated estate. (*b.*) Interest on credit portions of conditional purchases, which really is only another form of grass right, and is pure annual income. (4.) Receipts of a miscellaneous nature. 2. The extraordinary revenue, or proceeds of land sales which, though the Constitution Act provides that it shall be included in the consolidated revenue, is, strictly speaking, not revenue at all, but the realization of part of the national capital. To have a clear understanding of this head it is requisite to subdivide it thus :—(*a.*) Sales of land made for cash, in which the operation is at once completed. (*b.*) Sales for a cash deposit with credit, limited or unlimited, for the remainder, but subject to annual payment of interest, whether alone as under the Land Act of 1861, or amalgamated with the principal as under the Amendment Act of 1875. But even this analysis, although in the main representing one of the grand divisions of our annual revenue, requires some modification before it can be received as a settlement of the position, otherwise we would be led to a conclusion from which the error has not been entirely eliminated, and which therefore would be no safe or trustworthy guide for a comprehensive summary of the financial condition of the Colony. I therefore press upon the Committee the following considerations with regard to land sales :—We have been continuously selling land from the introduction of responsible government, and even long anterior thereto, to the present time. Up to the end of 1873 these land sales averaged about a quarter-of-a-million annually, although liable to considerable fluctuation. Commencing in 1856 with £245,000, receding in 1864, a year of general depression, to £106,000, recovering in 1869 to £287,000, and in 1872 reaching £380,000. Since then a rapid development of land sales has taken place amounting in 1873 to £774,000, 1874 to £1,048,000, 1875 to £1,627,000, 1876 to £2,250,000. This rapid increase in the sales of land demands our most grave attention; for it is evident to the veriest tyro in finance that if the whole of this money were to be absorbed in the ordinary expenditure of the country we must sooner or later arrive at the miserable condition of that man who, having inherited a noble patrimony, regulated his expenditure on so extravagant a scale as not only to absorb the annual income of his estate but to necessitate his parting with his ancestral domain, and then when reduced to a state of beggary, looking for commiseration found only condemnation for his folly. On the other hand, those who contend that the whole of the realizations should go in reduction of the national debt, or be invested in sinking fund, or in reproductive works, while not erring so widely as the others, would in my opinion be throwing too heavy a burden on the present generation for the benefit of the future. In this as in many other things, it appears to me that the *via media* between these extreme views affords the most just solution to the question, and that it is necessary to make certain fair and reasonable deductions from the gross amounts received, and then having found what the surplus from these extra land sales really is, trace out how it has been spent, and how far, in pursuing such course of expenditure, a departure has

been made from those wise axioms which govern the science of political economy. And first, as I once before observed when I had an opportunity of speaking on the finances of the country, we are justified in deducting from the annual land sales an amount equivalent to the average sales which have taken place ever since the commencement of Responsible Government, and which having been actually in operation for a long course of years, were foreseen and provided for in the Constitution Act, and were thereby intended and directed to form part of the general or consolidated revenue of the Colony. Such sales we have seen averaged nearly a quarter of a million annually between the years 1856 and 1873; but in applying them to subsequent years it is more in accordance with the nature of our inquiry that we ascertain what proportion these sales bore to the population. We may divide the period into two intervals of nine years each. For the first nine years the population averaged 346,315, and the land sales £205,500, or about 12s. per head per annum; in the second nine years the population averaged 485,450, and the land sales £320,000, or 13s. 4d. per head; applying therefore a medium rate (say 12s. 6d.) to the population of 1874, '75, and '76, we get the following result as that which we may call the normal amount of land sales—such as would have in the ordinary course without having such extraordinary sales become merged in the ordinary revenue without note or comment, and strictly in accordance with the provisions of the Constitution Act, viz.:—

	Population.	At rate of 12s. 6d. per head gives a land sale of
1874	584,278	£365,000
1875	606,652	379,000
1876	628,000	392,500
1877 probably	650,000	406,250

amounts which we might naturally expect would have been realized even if there had been no extraordinary demand for land, and which, without question or comment, would have passed the consolidated revenue fund, and have been absorbed in the ordinary expenditure. In arriving, therefore, at a conclusion as to the surplus or excess of land sales during these three years, we must deduct from the net sales the above as the ordinary measure of sale; nor is there anything unreasonable in this, for it is just about equal to the sum annually spent in opening up the country by preliminary surveying, pushing on roads and bridges, and other means of communication, of which not only we but those who succeed us will reap the benefit. It is unnecessary to pursue the inquiry into the actual amounts thus expended, but they will be found fully equal to this portion of the land sales. I desire not to be misunderstood with regard to this 12s. 6d. rate; I do not mean to say that such rate is to be always maintained,—I merely say that as yet nothing has occurred to render it necessary or desirable to make a rate different from that which has obtained for twenty years and more. I can easily understand that a sudden development of our population might render it necessary to review this rate, but as yet I do not see that any such contingency has arisen; it may become a question for the future whether a fixed sum instead of a population proportionate sum be taken as the representative of the *normal* land sale of the year. In further elucidation of the subject, I would say that I look upon the public estate in much the same light as the estate of a private individual; to a great extent the same laws are applicable to its governance, and when these laws are applied corresponding results will be produced therefrom. The owner of a large private estate in some part of a country remote from the busy haunts of man, desirous of attracting population to settle on his land, and of realizing it to the best advantage, must needs lay out large sums of money on its improvement, and especially in roads, bridges, and other means of opening up the country and rendering it attractive in the eyes of those whom he desires to allure as purchasers. This he may do either by borrowing, with the intention of repaying at some future time, when his estate shall have been rendered productive, or by annually selling portions of the property, and spending the proceeds in the improvement of the remainder; and although such outlay may not always bring in direct or immediate money returns, it may nevertheless be in the highest degree reproductive, inasmuch as the estate, although smaller, may yet be rendered more

profitable, and become more attractive in the eyes of purchasers, and the remainder actually of itself more valuable. In one be respect, and that a very important one, however, the parallel fails. The vendor of a private estate ceases to have any further interest in or obligation in respect of the property which he has alienated; not so the Government: it has still duties to perform in connection with the alienated land, and it has still an income to be derived from it—indirect it may be, but not the less positive, inasmuch as the increased population furnishes the most thoroughly reproductive return that can be devised,—a return which marches onward in an endless series of progression, owing to its capacity for taxation, a capacity which it possesses in proportion to the attractiveness and productiveness of the country, and to the facility of transport by good roads or other means of communication, as well as by post, telegraph, and other appliances, which, as the blessings attendant in the train of civilization, follow a people contented, prosperous, and free. Again, before we can ascertain the actual proceeds of the land sales, we must deduct the increased expenditure in the Lands Department, rendered necessary by these very sales, and without which the money we have obtained from the property could not have been realized. I find that in comparison with the year 1871 (and I have taken that year because it was the last that was wholly undisturbed by the increasing demand for surveys, which began to set in about the end of 1872) the expenditure of the department has year by year increased as the sales have progressed, until in the year 1876 that increase stands at the large sum of £212,000. The chief item of increase is in the surveying of the land, and of the roads thereto, which either precedes or follows the sale, and which amounts to no less a sum than £154,000, while the greater part of the remaining increase arises from the commission on the larger sales, and from the necessary expense of examining into the fulfilment of conditions and the valuation of improvements. These latter expenses will in some degree be met however by forfeitures by reason of the non-fulfilment of conditions, which, though they formed part of the money received, do not add to the acreage of land alienated. In applying these principles I am fortunately not obliged to go back many years in my investigation, for the honorable member for Newcastle (Mr. Lloyd) submitted a tabular statement, made up to the end of 1873, showing what, in his opinion, was the position of the land revenue at that date in reference to the entire revenue of the Colony. That honorable gentleman made out that, in his opinion, the land revenue, embracing the period from the year 1860 to the end of 1873, was in debt to the general revenue of the Colony in the sum of £410,848. While I am thus indebted to my honorable friend opposite for the valuable aid which his compilation has afforded me, I regret that I am unable to agree with him in the result at which he has arrived. I think that, in endeavouring to separate the two funds, he has charged against the land revenue items of expenditure which were a fair charge against the ordinary revenue; of course the effect of that would be to bring the land fund into debt to the general revenue. I am not going to weary you with the details of these amounts; but I think the honorable gentleman misconceived the nature of the inquiry in this respect, as he included in the statement which he submitted to the House the annual rental of the public lands as well as the proceeds of sales during the period embraced in the return. His statement, therefore, not only shows what was the amount of our Land sales, but the annual revenue derived from the rental or grass rights. I think, however, that the amount of grass rental is as fair an item of annual income as any other item of our ordinary revenue. It is no part whatever of the corpus of the estate: it is only that which is given off from it which we have a right to use. I look upon the land as an endowment given to us by a paternal Government when it was considered we could walk alone. We have therefore a perfect right to use for ordinary expenditure the entire annual yield of that endowment—I care not by what name it is called, whether grass right, rental, interest upon balances due by conditional purchases, or interest upon the proceeds temporarily lodged with the banks. If we choose to deposit the proceeds of Land sales in a bank, and get interest upon them, that

interest is just as much a part of the usufruct of the estate as any other part, and we have a perfect right to spend it. More than this: I say we have a right to use these proceeds for the purpose of defraying expenditure in connection with the land itself. We have also a right to spend any portion of our Land sales revenue upon the permanent improvement of the country. I will give a single illustration: A part of the country far removed—say out westward—would acquire greater value if roads and bridges were made through it. It may be an exceedingly valuable piece of land—of great fertility, with great powers of production—but by its position cut off in every possible way from communication with the rest of the country; or it may be of such a nature that, although it may grow magnificent herbage, still cattle and sheep could not be kept there for want of water. In either of these cases, if the Government of the day were to expend money in making roads to and through the land and in constructing bridges or in making wells or tanks for supplying stock with water, then I say the Government would have a perfect right to sell a portion of that land and apply the proceeds in payment of these improvements which had rendered it available for occupation, and had made the remainder more valuable than the whole was before it was thus improved. Thus we have a right to take such portion of our Land sales as may be found requisite for carrying out works of a character which render the country more habitable, and which open up a larger area of land more suitable for settlement. These are the very arguments which were so ably used by the author of the Wakefield system. I am not going into the merits or demerits of that system now; although it may have had its weak points it had this merit: it recognized and appreciated the principle that wherever you take a piece of waste land and expend money to make it more valuable, you have a right to charge that land in some way or other with the expense. According to this theory a price or charge may be put upon the land in order to recoup the expense of making roads, bridges, and other improvements through it. That portion of Mr. Wakefield's system showed great wisdom, and it is that which we have a right to carry out. When we sell our lands we have a right to put aside a portion of the proceeds, either to make roads and bridges, or to repay the country for making them if already made. Applying therefore these principles to the investigation of the statement of the honorable member for Newcastle, to which I have alluded, and by which he made out that at the end of 1873 the land fund was indebted to the general revenue in the sum of £410,000, I have come to the conclusion that if the honorable member for Newcastle had reversed his position he would have been nearer the truth. If instead of telling us that at the end of 1873 the land fund was indebted in that amount to the general revenue he had told us that the general revenue was indebted to the land fund he would have been, in my opinion, nearer the mark. Though affording an interesting matter of investigation, it is not worth while our now pausing to pursue that inquiry further. My chief object in alluding to it was to obtain a starting-point, and it is comparatively immaterial whether at that particular date Mr. Lloyd's view of the Land fund being indebted to the general revenue is correct, or whether mine of the exact reverse is the more accurate representation. Inasmuch, however, as we both are agreed that we had a surplus of about three-quarters of a million on one account or the other, or in combination of both, it appears to me to be more prudent for us to assume as the basis of our further investigations that at the close of 1873 half a million of that surplus had arisen from the sales of land, and is therefore responsible for the burdens which it may be considered that such land fund should bear. It will therefore be my endeavour to trace out as nearly as I can the subsequent realizations and expenditure incident to that fund for the years 1874, '75, and '76, with a view to ascertain the net amount brought to the accretion of the Consolidated Revenue Fund from the realizations of the alienated portions of the national estate. With regard to the necessarily increased expenditure in the Lands department, the following table shows, for the period under review, the growth of that expenditure in excess of the year 1871, leaving out the items under the heads of

miscellaneous, gold, and coal fields; the first having no relation to the subject of investigation, and the two latter having been transferred to the Department of Mines:—

Year.	Total increase of the Department above the Expenditure of 1871.	Of which there belongs to the Occupation and other branches.	Leaving as applicable to the sales of Land.	Of which the increase in the Survey alone represents.
	£	£	£	£
1874	79,828	4,376	75,452	63,778
1875	164,378	12,583	151,825	133,322
1876	211,823	15,298	196,535	154,261

It does not at present fall within my province to inquire whether these expenses were all absolutely necessary, or whether any more rigid economy might have been practised in regard to them, or whether they are in any or what degree excessive. I have no doubt that when the administration of land comes under discussion my honorable colleague in charge of that department will be able to satisfy the committee on these points. All that I need now say is that I am not at all surprised that it should be so, for it is exactly what one would have predicted concerning it, and indeed from the very nature of things it could not be otherwise, since we have had to survey nearly 3,000,000 acres in 1876, as against 440,000 in 1871. It may be true that in the adjoining colonies no such increase is shown in proportion to the lands sold, but the explanation is simple; for instance, in Queensland, although the Government department conducts the survey, the purchasers are by statute compelled to pay for it. In other words, the Government of Queensland charges a lower price per acre for the land, and compels the purchaser to pay the cost of survey, while in this Colony we charge a higher price and include the survey, and thus it is that there is no such apparent increase to the staff of their department as appears in ours as a charge against the Consolidated Revenue. In proceeding with the analysis of the revenue derived from the sales of land, I commence with the amount which I have thus assumed as having been realized prior to 31st December, 1873, viz., £500,000, and I add thereto:—

Net Land Sales of 1874		£1,047,696	
Less that which I have explained as representing the equivalent of the Normal Sales	£365,000		
and the additional Departmental Expenses	75,482		
		441,482	
			606,214
Net Land Sales of 1875		1,627,613	
Less as before—			
Normal Sales	379,000		
Additional Departmental Expenses	151,825		
		530,825	
			1,096,788
Net Land Sales of 1876		2,250,457	
Less as before—			
Normal Sales	392,500		
Additional Departmental Expenses	196,535		
		589,035	
			1,661,422
			£3,864,424

Thus we find that including the half-million brought from 1873 the sum of £3,864,424, or nearly four millions, have been added to our Consolidated Revenue Fund during these three years from land sales, outside the ordinary or normal proportion of revenue derived from that source for the prior portion of the twenty years which have elapsed since the introduction of responsible government, and, as might be shown, if we pursued the subject further, long anterior thereto. The question arises, what have we done with this large sum of money? Have we frittered it away—and, if so, how much of it—in the annual current expenditure of an ordinary character for keeping the State machine in motion? Or have we made a profitable use of it in paying off our debt, or in the formation of works of a reproductive character? Or have we any, and how much, of it still on hand available for any of these purposes? Although somewhat intricate, it is by no means impossible

to trace out with a tolerable degree of accuracy the proportion in which these objects respectively have had a share in the absorption of this surplus, and I will now endeavor to show how much has been allotted to each. 1. As to the debt paid off—there has been under the Superannuation Act Repeal Act of 1873, £98,400; of Treasury Bills finally extinguished in 1874, £334,000.

MR. LLOYD: Why, we paid them.

MR. STUART: I am now showing Mr. Farnell, what the country has done, not what any particular Government has done. It is the country that has realized this money by land sales. I suppose the honorable member will next claim the land sales also. I am surprised at the remark of the honorable member, for I am investigating what the country has done with the money realized during the three years I have alluded to—the years of large land sales, and I care not who held office during the period. Neither the one Government nor the other is entitled to the credit of them. These land sales were the result of circumstances far beyond the mere question of holding office. They are indications of the progress of events in which the Colony has participated, and still continues to participate, irrespective altogether of the Government in power, now or formerly. Well, sir, I was saying that there were Treasury Bills paid off in 1874, amounting to £334,600, and debentures under the Act 29 Victoria, paid off in 1875, to the amount of £51,500; old debentures under various Acts in 1876, £735,800, and sundry small purchases of debentures, under a special Act in connection with a subject that formed matter for discussion some time ago—I mean the Mudgee road—amounting to £9,000. Then there have been three years redemption of debentures under the Railway Loan Act, payable by annual drawings of £20,000, amounting to £69,500. Thus, by an expenditure of £1,302,800, we—I don't mean by we the particular Government of which I am an individual member—but we—the country—have during those years made the best use of our money—a use which no one can say is frittering it away. It is true that the first item, £98,400, never existed as a debenture debt. The Act authorized the required amount to be raised by loan, but my predecessor, Mr. Lloyd, finding himself with a growing Treasury, very wisely determined to pay the obligations at once, and thus obviate the necessity for issuing debentures or otherwise borrowing the money. The Treasury Bills constituted a floating debt which was also, I think, wisely redeemed out of the growing revenue accruing from sales of land. It must be noted, however, that whereas I have assumed the balance of land sales on 31st December, 1873, to have been £500,000, the total balance was £725,574, so that the difference, viz., £225,574, although forming part of what might be called the ordinary revenue, was equally liable to be taken for payment of the then existing debt, such as Treasury Bills, and falls therefore to be deducted from the total amount of debt paid off, which leaves £1,077,226 as the proportion paid out of land sales. The next thing that we have done with our money is, that we have postponed the borrowing of certain loans for purposes authorized under various Acts, while at the same time the works themselves have been carried out and paid for to a considerable extent, although they have not yet entirely exhausted such advances. We have thus advanced to the following Loan Funds:—38 Victoria No. 2, £600,000; 39 Victoria, No, 18, £125,000; 40 Victoria, No. 12, £50,000; in all £775,000. If at any time the House should determine to make a permanent investment or appropriation of these funds, the above amount would be recouped by the sale of the debentures which have been authorized. It is however a very convenient way of temporarily using our funds, as it saves interest and improves our credit by showing our power of abstention from borrowing large sums for considerable periods. Again, we have large cash balances on deposit with our bankers, or otherwise invested, amounting to no less a sum than £2,938,089. There is no item in our finances more persistently misunderstood and misrepresented than this large cash balance; the very possession of it has been by some deemed almost criminal, or at least highly injurious. Now, even were it all surplus revenue or proceeds of land sales, I would fail to look upon it as injurious. On the contrary, inasmuch as

no portion of this money has sprung from taxation, I consider that next to having no debt at all, it would be a most desirable thing to have so large a sum of money in reserve, and invested for the purpose of paying off some portion of the debt, or ready to stave off the necessity for further borrowing, or to be appropriated for the carrying out of public works of a national character. In reality, however, this large temporarily invested sum is composed of many distinct elements, some of which we have no right to use for any permanent purpose. For instance, £708,687 of it belongs to various loan accounts, awaiting the completion of contracts or otherwise carrying out the works authorized. Of course it may not have been wise to borrow these moneys so long before they were required, but former Governments and Parliaments doubtless acted for what appeared then to be for the best, for no one could have foreseen the wonderful extent and rapidity of the increased demand for land; but once having borrowed that money, there can be neither sin nor harm in lending it at interest pending its being required; on the contrary, it would be very injudicious indeed as well as highly improper were we either to spend these moneys on other objects or wrap them in a napkin unproductively. Then, again, £283,595 belongs to various trust funds, which are merely held by the State in safe custody, and which are in effect in precisely the same position as the deposits in a bank. They may be used properly enough to bring in an annual income or interest, but they ought not to be used for any other purpose, and therefore they form proper, though in some degree permanent, funds for loan to, or deposit with, the Banks of the Colony. Again, there are the appropriations which are as yet unspent, or which are in the course of being spent, as the various works or services for which they were voted approach completion, and which cannot be used for any other purposes: These are for 1874, £7,633; 1875, £67,761; 1876, £889,791; supplementary, 1876, £76,705; debentures not yet presented, £6,000; total, £1,046,890. Deducting these three sums, which together make £2,039,172, from the total cash balance of £2,938,089, we find that only £898,917 of that cash balance belongs to the surplus proceeds of land sales. Tabulating the sums thus accounted for, we find that of the net proceeds of the land sales realized during these three years, viz., £3,866,574, we have paid off debts to the amount of £1,077,226; we have advanced to loan account and thus deferred borrowing, £775,000; we have in the Banks, as part of the cash balance, £898,917; total, £2,751,143; leaving still to be accounted for £1,115,431. It becomes now our duty to investigate whether any and how much of that sum has been invested in works of a character for which, without these large land sales, we must have borrowed, and which, following out the practice of former years, and of other colonies, we would have been justified in borrowing. The following are the heads of expenditure to which we naturally turn for some explanation:—1, Roads and Bridges; 2, Public Works and Buildings; 3, Public Instruction; 4, Immigration. I take again as my unit, or standard of expenditure, the year 1871, in comparison with which I find the expenditure of the three last years to have been as follows:—

1. Roads and Bridges:—

Year.	Population.	Expenditure.	Relative Expenditure to Population would have been	Excess of actual Expenditure over such relative rate.
1871 ...	519,182	£164,636	.....	.....
1874 ...	584,278	283,414	£185,278	£98,136
1875 ...	606,652	366,062	192,373	173,689
1876 ...	628,000	442,814	199,142	243,672
				£515,497

2. Public Works and Buildings:—

1871 ...	...	...	.....	.....
1874 ...	...	...	55,263	100,269
1875 ...	...	...	57,378	124,071
1876 ...	...	...	*109,399	401,323
				£625,663

* £50,000 has been added to the relative expenditure under this item to bring these items more in accord with the general progress of the ordinary revenue.

3. Public Instruction :—			
1871	110,000	.....	.....
1874	120,000	123,792	47,676
1875	180,000	128,532	
1876	250,000	*183,055	66,945
			£114,621
4. Immigration :—			
1876	.....	.....	50,000
		Total...	£1,305,781

I do not lay it down dogmatically that every penny of this £1,305,781 excess on the expenditure under these four heads has necessarily been paid out of the proceeds of the land sales, but I do maintain most emphatically that the greater portion of it has been, and that had we not had these large land sales we would not have imposed an annual taxation upon ourselves for the payment of these services, but would either have left them undone or would have raised the money by loan to enable them to be carried out. It is difficult, and at the best but arbitrary, to fix exactly which works are to be defrayed from revenue and which from loan; but if any one will examine the schedule I hold in my hand, which specifies on the one hand some of the works that in former years were provided for by loan, and on the other those for which provision has been made on the General Estimates of the last three years, he cannot fail to be convinced that we have been defraying out of the Consolidated Revenue Fund—in other words, out of the excessive land sales—large amounts which under the condition of things that formerly obtained would have been defrayed from loans. This is perhaps made still more clear if we examine the years—1871, '72, and '73 (during the last of which increased expenditure was beginning to make headway) with the three subsequent years under the same four heads. The gross land sales during these two periods were—first three years, £1,370,532; second three years, £4,886,525. The expenditure under the four heads was—

	First three years.	Second three years.	Excess during second period.
Roads and Bridges	£575,741	£1,080,443	£504,702
Public Works	220,090	770,288	550,198
Public Instruction	340,000	550,000	210,000
Immigration...	... ...	... ...	50,000

showing that we have spent, or are in process of spending, £1,314,900 on account of the second three years more than during the first under these four heads of expenditure. I may be asked—why include public instruction in your list? It may be said—we can understand roads, bridges, public works, and even immigration being fair subjects for loan, and that the burden of them may be in some measure thrown upon the future; but surely if we are bound to educate our children, we are bound to do so out of current revenue, and not out of either loans or land sales? This would be perfectly true if the expenditure represented only the education of the children of the present generation, but seeing that it includes also the purchase of sites, and the cost of building teachers' dwellings and school-houses in which our children have not in many cases as yet been taught, but in which both they and the children of yet unborn generations may be taught for many years to come, it is only reasonable that, to the extent, at the least, of the cost of these buildings and sites, either these future generations should be burdened as by loan, or that the cost of such buildings should be defrayed from that Land Fund which is the common heritage of all. Without further occupying the time and patience of the Committee, I claim to have conclusively shown that the ordinary expenditure, other than such extra expenditure as has been rendered necessary to obtain or to retain the very sales themselves, of these three years, has not materially encroached upon them

* £50,000 has been added to the relative expenditure under this item to bring these items more in accord with the general progress of the ordinary revenue.

except to the same average extent that it has done ever since the introduction of responsible Government, or, as I have said, for a period long anterior thereto. If it be contended that even to this extent we have no right to intrude our expenditure, but that we ought to increase our taxation to replace it, then it seems to me that there is no halting ground on which such theorists can stop, short of imposing a taxation to cover the whole amount of land sales from 1856 to 1873, or about four and a half millions; for assuredly if it be wrong—so wrong as to call for a refund from fresh taxation—for us to use for ordinary expenditure £379,000 of land sales in 1875, it must have been equally wrong to make the same use of £252,000 in 1859, or of £287,000 in 1869, and for these sums, and all similarly appropriated every year, restitution should be made; and yet I think that even those who are loudest in their denunciations against the Government for their conduct in spending the one, will not be found bold enough to advocate the position to which I have thus incontestibly shown that their argument must lead them. I think that members of the Committee who have followed the argument which I have endeavoured, however feebly, to place before them, will be convinced how unjust it is to this great colony, how unnecessarily detrimental to its good credit, for persons, without bestowing due care on the analyses of the accounts of our income and expenditure, to be persistently crying out out that we are recklessly spending for our ordinary daily wants the proceeds of our National Estate, which we are thus, they say, wantonly casting to the winds, when, if they will but honestly investigate —I mean by honestly, without endeavouring to force the proof of a foregone conclusion by leaving out or misplacing certain terms in the equation—they must see that the whole of the excess of our land sales have been used—1. For the extra expenditure necessarily connected therewith, and which would gradually disappear from our Estimates if the land sales themselves were to disappear. 2. For payment of our debts; for postponing the necessity for contracting new debt; and for works of utility and public character, for which heretofore we have invariably been obliged to borrow. I have said enough with regard to the general review of the past, and I will now beg the patient hearing of the Committee while I take up the accounts which more immediately concern us in considering the Ways and Means for the present year. These accounts necessarily embrace a period of three years. I will run shortly over the first two. The first, as you will notice, is an account of revenue and expenditure for 1875. My honorable friend at the head of the Government, when acting as Colonial Treasurer, placed before the Committee an account for 1875 which was to some extent, only an estimate for that year, as it included the actual receipts up to the 31st October only, and estimated the revenue for the remaining two months. I now place this account before you, corrected by actual results. In the first place, the balance brought over from the year 1874 is £15,557 8s. 10d. more than had been previously estimated, which arises chiefly from the lapsing of appropriations that had then been reserved for expenditure. The actual revenue of the year 1875 exceeded my honorable colleague's estimate by £77,387 11s. 3d. Then again, certain appropriations have been written off finally, amounting to £340,913, which my honorable friend had estimated at only £200,000, Therefore, £140,913 13s. 6d. comes in to swell the balance. The following additional charges have however to be deducted:—1. Supplementary appropriations in excess of the amount estimated in December, 1875, £32,096 10s. 2. Further special appropriations, £4,607 0s. 4d. 3. Amount of a further supplementary estimate for 1875 and previous years, £4,242 1s. 3d., together amounting to £40,945 11s. 7d. The result of this corrected account is, that instead of a surplus of £1,424,045 2s. 7d., as estimated by my honorable friend, there is now one of £1,616,958 4s. 7d. I think, then, that 1875 may be considered tolerably well closed. I have just one word more to say with regard to that year: I wish to apply the test as to how much of the money derived from land sales has been spent. As I said before, the land sales for 1875 were £1,627,000. I stated that of this I considered £1,096,000 as reasonably coming to the accretion of the Consolidated Revenue Fund. How

was that spent? It was spent in this way: The surplus is thereby rendered £706,000 more than it otherwise would have been. Debentures were paid off in that year to the extent of £74,700; Roads and Bridges, Public Works, and Education absorbed £345,436 over and above our average expenditure of past years, so that the total expenditure (inclusive of the balance of £706,000) for purposes not chargeable to the ordinary revenue was £1,126,000, or £29,000 more than the amount received for the land sales. Consequently, the investigation of that year's account proves that no portion of the excess derived from land sales has been spent on any purpose of a merely temporary or ephemeral character. I now proceed to deal with the account for the year 1876. If you will turn with me to No. 2 account on the next page, you will see that 1876 commenced with a balance from the previous year of £1,616,958. The revenue for that particular year was estimated by Mr. Robertson at £4,166,900. It has, however, actually turned out to be £5,037,661, being £870,761 in excess of his estimate. Then, on the other side, there are appropriations to the amount of £322,203 more than Mr. Robertson estimated. The adjustment of the various accounts show this: that whereas Mr. Robertson estimated that at the end of 1876 there would be a surplus of £938,137, the surplus is now found to be £1,679,608, or £741,471 in excess of the estimate then made. Of course, not having increased our taxation, this large increase is the result of the continuance of land sales to an extent far beyond what any one considered to be possible. The gross land sales amounted to £2,414,075, of which there has been refunded £163,600, leaving the net receipts at £2,250,475. The additional expense for survey amounted to £194,385, and what I call the normal sales—that is, the amount which I consider may be fairly taken from that particular year for the purpose of ordinary revenue—to £392,500. This reduces the total to £1,663,590 as the amount of benefit which the revenue derived from the excess land sales. How then is this sum accounted for? In this way: There is an increase in the balance to the credit of the account of £62,650; £760,100 of debentures have been paid off; for new bridges, £243,672 has been spent in excess of previous average; for Public Works, £401,323; for School Buildings, £66,945; and for Immigration, £50,000; which, together with a balance from 1875 of £29,692, makes a total of £1,614,382; thus showing a sum within £49,000 of the amount got from the land sales of that particular year. Therefore, again, we find that the accounts of the year 1876 show that the proceeds of our large land sales have been spent in paying off our debts, or on works of public utility for opening up the vast resources of the country. To show that the works were of a permanent character, I have jotted down a few of them, and it will be seen that they are works which should not be met out of the ordinary revenue. For the navigation of the River Murrumbidgee, £10,000; south dyke at Clarence River, £10,000; Trial Bay, Harbour of Refuge, £10,000; draining Blackwattle Swamp, £9,000; steam dredge, Clarence River, £8,000; Darling River improvements, £7,000; Moruya River improvements, £5,000; Rushcutter Bay, reclaiming 23 acres, £5,000; Darling Harbour, £5,100. There are other minor votes on the Estimates for Harbours and Rivers Navigation, amounting to £27,000. Then there is a sum of £12,000 for a bridge over the Shoalhaven River; bridges at Balranald, £10,000; Muswellbrook, £15,000; Munginda and Goondiwindi, £5,000, Queensland paying like sum; Denman, Merriwa, £6,500; Bundarra, £6,000; Gostwyck, £4,000; Cambewarra, £2,000; Sooly Ponds, £2,000; Molonglo, £2,000; Namoi, £2,500, water supply to Gulgong, £3,000; Balranald Road, £2,000; Lachlan Road, £2,000; bridge, Lachlan to Darling, £9,466; Karouah, £3,440; Bega, £2,967; and so forth. I mention these to show the nature of the works that are being constructed. The expenditure on many of them will necessarily be spread over a period of years, and they are all of a character which in former years would have demanded that they should be paid from money raised by loan. We are, however, fortunately in this position: we no longer require to carry out these works by loan, as they can now with propriety be defrayed

from the proceeds of our land sales, and yet must not be confounded with our necessary ordinary expenditure. I now pass from the year 1876, and take up the Estimates for the present year. We start with an estimated surplus brought forward of £1,679,608 17s. 7d., and I estimate the revenue for 1877 at the sum of £4,908,410, the details of which I will go into immediately. You will observe, in turning to the expenditure side of the account, that the estimated charges for general services amount to £3,357,234; those provided by constitutional and Colonial Acts, to £47,718; and the special appropriations to £837,000, making a total of £4,241,952. Included, however, in this amount is the £60,000 for the Treasurer's advance account; deducting that sum, as it is not for final outlay, the total estimated expenditure for 1877 amounts to £4,181,952, which taken from the credit side leaves an estimated accumulated surplus at the end of the year of £2,406,606 11s. 11d. If honorable members will now turn to page 17 of the Ways and Means, they will find the particulars of the revenue which I put down as £4,908,410. Of that sum I estimate the Customs and other revenue to be raised by taxation, at £1,240,250, as against £1,161,406 in the previous year. Then of land revenue the sales last year were £2,414,075. They are estimated this year at £2,080,000, and I confess it is exceedingly difficult, nay, almost impossible, for any one to estimate with any degree of exactness what the lands sales will be. Of course, to a certain extent, we may be able to form some idea, but there are so many causes affecting these large land sales, over which we have comparatively little control, that it is impossible for us to place that degree of reliance upon the Estimates of this part of our income which we can do upon the estimates of Customs or any other ordinary source of general revenue. For instance, with regard to land sales, the amount which is coming in during the present month is larger than we have ever had before. The amount received as proceeds of sales for the first three weeks of this year is £130,000 more than the amount received in the corresponding period of last year. The land sales estimate embraces, of course, sales of every kind, but nothing but sales. If you turn to page 18 you will find the details of this portion of the land revenue for 1877. We estimate the auction sales at £1,250,000; selections after auction, £100,000; provisional pre-emptive right sales, £150,000; deposits on conditional purchases, £500,000; instalments of conditional purchases—which include both principal and interest, but for this purpose we only take that portion which appertains to principal—we estimate at £15,000; balances of conditional purchases, £65,000; making a total of £2,080,000. One word more on the subject of these land sales: None of us can estimate with anything like certainty the amount which they will realize, nor can any one say at what period these sales will have attained their maximum, when they will begin to recede, or to what extent they will recede. But we may say this: that if it be the case, as I believe I have shown that it is the case, that we are not using the proceeds of our land sales in meeting our ordinary expenditure or in supplying our daily wants, then we are in a good position to bear the reverse when it does come. If we are spending the whole proceeds in paying off our debts, or in staving off borrowing for public works, or on works which are necessary to open up the land itself, then we have the very best provision made for meeting the reverse when it does arise; because we can then drop back into the position that we were in formerly; we need no longer pay off the debt, nor make advances in order to postpone the borrowing of money which we have already authorized to be borrowed; and we shall have recourse again, as we have had before, to raising loans for works of utility and permanent improvement. But while no one can predict the amount our land sales will reach, nor when they will cease, so no one will I think maintain the position that they will suddenly fall. Should it be, as I believe it will be, a gradual reduction—a falling away by degrees—then by having all these provisions between us and the land sales we shall be able to meet the fall without involving the country either in new taxation or pecuniary difficulty. That at all events is my opinion on this important matter. I come now to the annual land

revenue, which you will find on page 17. This is estimated for 1877 at £408,825, as against £358,925 last year. In this estimate you will observe the increase is chiefly in the interest upon conditional purchases. Every year is adding largely to that item. The amount we received in the year 1875 was £65,000; last year it reached £99,000 and some odd hundreds. For this year we estimate it at the increased sum of £130,000. In the following year I believe it will amount to a very much larger sum, and for this reason: that in 1878 the interest on the sales of 1875 begins to come in, and the balances on the sales of that year amount to £1,200,000, which at 5 per cent. would be £60,000. I have only added, it will be observed, £30,000 for interest on the balances for 1877, because it is in the power of any of those purchasers to pay up their balances. Balances have already been paid up to the extent of about £370,000 altogether, and they continue to come in every year to a considerable extent. This year we estimate to get £65,000; last year we got £61,700 from this source. Pastoral occupation we estimate will bring in £237,225. While, on the one hand our pastoral tenants are having their runs in part taken away by selection on the other their leases are gradually falling in. A good many will fall in this year; and we anticipate an increased rental under the new appraisements which must take place, and without any undue pressure upon that very valuable portion of our community, owing largely, no doubt, to the keen competition amongst themselves, and their just appreciation of the great benefits they receive in their holding the lands of the Colony. The next group to which I shall refer is that of receipts for services rendered, which we estimate at £1,039,000, as against £965,328 last year. This increase is chiefly in the item of railway receipts. We estimate that we shall get £77,000 from railways over and above the receipts from that source during 1876; and I think that, notwithstanding the reduction in rates which recently took place—a reduction for which in some quarters the Government has been very much blamed—notwithstanding that reduction, I say no one can look at the increased freights on the railway without feeling convinced that we are justified in expecting this additional sum of £77,000 from this source. And here I desire to make a few remarks on the subject of railways: We estimate the sum of £745,000 as receipts from railways; and the expenditure we put down at £429,000; but it will be found that this expenditure includes £30,000, which, although on capital account, we propose to pay out of our ordinary revenue, instead of borrowing the amount. This sum, and £11,121 for the engineering establishment of works in progress, which is clearly a charge on capital account, although for years past paid from revenue, reduces the actual expenses to £388,272, and leaves £356,728 as the estimated net return from railways in 1877. Now the amount spent upon railways up to the present time is £8,596,000; but about £600,000 of that has been expended upon works not yet opened. No doubt these works will be opened some time during the present year; at least it is to be hoped so. But the revenue for 1877 cannot in any great degree gain by these extensions which will be to Tamworth on the north, Wagga Wagga on the south, and Orange on the west. As therefore the money spent upon these lines cannot contribute much to the revenue of 1877, I am, I think, near the mark in assuming eight millions as the actual cost of the lines, which will be reproductive during this year; and, inasmuch as our estimate of free income is arrived at after deducting all the probable working expenses—including provision for the maintenance of the permanent way for the whole of the lines, and for keeping in an efficient state all the rolling stock—this net revenue of £356,000 is a clear return upon the capital invested. Well, eight millions at 4½ per cent. would be £360,000; so that we are within a fraction of paying a return of 4½ per cent. upon the capital invested in our railways. I only mention this because I consider it a very satisfactory result of our railway system up to the present time. And more than this, we find that every addition to our lines, whether to the south, the north, or the west—every addition I say, adds to our income from railways. Even if a particular extension, say 20 or

50 miles, does not pay of itself, yet, as nearly the whole of the produce passing over it would also pass over say 150 or 200 miles of a completed line, it adds to the free income of the whole, and, of course, to the interest we are likely to receive from this great national undertaking. I therefore look upon our railway system as a most hopeful one, and the faster we can extend our railways in the directions we are now pushing them, the sooner, I think, we shall receive 5½ or even 6 per cent. on the capital invested, instead of the 4½ per cent. I have shown they are now paying; or what may be considered an equivalent, we should be able to reduce the fares still further. Of course I am not advocating a reduction of fares to the exclusion of a fair interest on the money invested; but in one way or the other the community will benefit by the extension of our railways, and when they are further extended I believe that the increase in their revenue will be large in proportion to the additional mileage. I will now apply the same test to these estimated accounts of 1877 that I have applied to all the others. The gross land sales are estimated to amount to £2,080,000; from this have however to be deducted—1. Estimated amount of refunds, £100,000; 2. Normal land sales on population basis, £406,250; 3. Additional expenses of the Lands Department consequent on the larger land sales, £245,000; total, £651,250; leaving an estimated net revenue of £1,328,750, which we propose to appropriate in this way: On immigration, £100,000; on public works, £446,000 over and above those in progress; £70,000 on further buildings for education, and those two small sums I have referred to in connection with railways, amounting to £41,121. Thus we propose to use £657,000 for purposes, not for our day to day expenditure, or to keep the machinery of Government moving, but for immigration, public works, and public schools, besides carrying forward a balance of £672,000 to meet our debt as soon as we can induce our creditors to accept payment. In this way we account for the whole of the proceeds that we expect to receive from the land sales of 1877. Now, I will just apply another test to show that we are not spending the proceeds of land sales on our ordinary requirements. There are certain divisions of revenue which leave a large amount from which to defray the general expenditure after providing for their own special expenses. These are—1. Taxation direct and indirect, £1,240,250, less expense of collection, £49,526, leaving a net sum of £1,190,724. 2. Annual land revenue, including the interest on conditional purchases, £408,825; less cost of collection, £52,404; total, £356,421; to which have to be added the normal land sales on population basis, £406,250, making together £762,671. 3. Railway receipts, £745,000; less working expenses, £429,393; but from which falls to be deducted a charge on capital account, £30,000, and engineer's establishment for works in progress, £11,121—£41,121—£388,272, showing thereby a net balance of £356,728. 4. Fees of office, £39,975. 5. Miscellaneous receipts, including bank interest, £139,835; making together a clear revenue from these sources of £2,489,933 available for general expenditure. On the other hand there are several departments whose revenue does not pay the expenses necessary to their maintenance. The Post Office department, for instance, does not pay. It will cost, according to the Estimates for this year, about £94,000 more than our postage will come to. In a country like this, of such vast interior, the twopenny postage, say for sending a letter from here to Bourke, does not pay in a money point of view, but we consider that it pays in another way. I believe that the greater the postal facilities of the country are the greater the benefits that follow, and therefore I think that, as a community, we may justify the direct loss. Then there is the Telegraph department, with an income of £60,000 and an estimated expenditure of £84,000; but there is another aspect with regard to telegraphs: their construction cost a large sum of money, which has been raised by loan, while the Post Office contracts are annually paid out of our ordinary revenue. Our telegraphs cost interest on the capital invested, which is close upon £400,000,—so that we not only get no interest on that, but are actually supporting our present telegraphic system at an expense to the country of £24,000 more than it brings in, and yet there are

few people who would like to see the department abolished because it does not pay. There are some other departments and services that very nearly pay expenses, but I am sorry to say that neither the Mint nor the gold escort have done so for the last two years. The Mint very nearly pays. It costs annually £15,000 and returns in fees about £12,000, and the escort costs £5,200 and returns £3,000. In addition to the fees paid in by the Mint, the unexpended balances of the annual endowment of £15,000 are always returned by the Imperial Government. These balances average £2,500 a year. Our gold-field friends will not, I presume, object to place the gold duties against the losses on these services. The pilotage for the last year and apparently for this year also, does not pay: the expenses of the Marine Board are £36,000, and the receipts—pilotage, &c.,—£30,000. The assessment on sheep and the registration of brands, I would impress upon the minds of my squatting friends, show a deficit. [Several voices: Abolish them altogether.] Well, at all events, it is of no use carrying them on at a loss to the country as at present. Those services that do not pay show a loss in the aggregate of £133,954, which, deducted from the amount of taxation and receipts for services rendered, leaves £2,355,979 to meet the proposed expenditure which is not otherwise provided for. The total estimated expenditure as shown by the account for 1877 with Ways and Means is £4,181,952. Deducting therefrom the expenses already included in the specific items which I have given amounting to £1,880,410, there is left £2,301,542 of expenditure to meet which the items of revenue before stated are available. This leaves £54,436 of a surplus, which added to the surplus of £672,021 from the excessive land sales, makes £726,457, which is the estimated balance shown by the Ways and Means account to be added to the balance at the end of 1877 by the operations of that year. Except such sums as are required for the proposed Civil Service Superannuation Fund and the Police Fund, it is the intention of the Government pending the opportunity being opened for paying off any portion of our debt, to devote this balance (by way of advance) to the payment of those public works which have been authorized by Parliament to be defrayed from loans, and thus postpone the necessity for borrowing the money. With regard to the surplus on the ordinary revenue there is one item which we propose to submit to you, and that is the increases to the Civil Servants in connection with the Bill now before the House—an increase which I estimate at £36,000, and which can be met out of the £54,000 of surplus which I have shown to exist upon the ordinary revenue. There is another amount connected with the Civil Service Bill: I find that the estimated amount of deductions alluded to in one of the clauses of the Bill, and which it is proposed to transfer to the Superannuation Fund, comes to £65,000. In addition to that there were deductions made at the same time from the pay of the Police Force amounting to £15,000. I purpose submitting a Bill to remodel the Police Superannuation Fund, which has been going back so much for years past as to render it doubtful whether it is now solvent. In the Bill I propose to submit it will be provided that the £15,000 deducted from the Police Force shall be transferred to the credit of that fund. These two sums, which together amount to £80,000, I propose shall be paid out of the surplus on the Consolidated Revenue Fund. Then again there will be a large additional expenditure required if the Municipal Bills are carried. Of course these Bills which have yet to come under discussion may be modified, but it is my duty to deal with them now as if they had passed in their present condition, and leave the modification or upsetting of them to be a matter to be decided hereafter. The amount payable to the municipalities will probably increase the present annual charge on the revenue by the sum of £35,000, which is provided for in the Estimates, but there will also be a considerable sum to pay in order to equalize the old with the new Municipalities. That amount it is impossible to ascertain with accuracy until the various Municipalities send in their accounts. Whatever it be, I propose that it form a charge on our surplus balance. I will not take up the time of the Committee by going into the various loan accounts, as I will

place in the hands of honorable members at the close of my speech an explanatory statement not only of those accounts we have been considering, but of the whole of the loan and Trust Fund accounts, which I commend to their careful study. I pass on to the consideration of the items under the head of taxation. It must be apparent to every one who considers the subject of taxation at all, and who has been watching the progress of our taxation through the Customs that the time is coming—if it has not already arrived, it is at all events coming—when the consideration will be forced upon us either of subjecting various items from which we have hitherto derived a revenue through the Custom House to some other kind of taxation, or of giving up or abandoning the practice of looking to the Customs duties for so large a portion of the revenue as that which they now yield. I take the particular items in the order in which they stand in the account:—The item of spirits is the only one in the whole of the list which continues to pay the same revenue in proportion to population that it did five years ago. The duty on spirits in 1872 was £368,000. The population has increased one-fifth since then, and in proportion the revenue from spirits ought to produce £442,300, and we find that it actually produced in 1876 £442,000. So that spirits have given us an increase proportionate to the increase of our population. In like manner, if there were no counteracting influence at work we should have had the same rate of increase on other articles, because I am not aware that any theory can be advanced of a lessening consumption of any other article in the present tariff. I could have understood that owing to the able advocacy of those gentlemen who conscientiously and persistently advocate the abandonment of intoxicating liquor, the consumption of spirits might have decreased; but when we find every other item of Customs taxation falling off, then we must look for the causes to which that falling off can be traced. Sugar has enormously decreased. I find that whereas we got in 1872, £46,800 of revenue from sugar, we are now getting only £40,000, although our population having increased one-fifth we ought to have got £56,000. The reason is that sugar is rapidly taking its place as one of the products of the country and Colonial grown sugar pays as yet no revenue. Then in regard to ale and beer: Whereas in 1872 we received £38,000 of Customs revenue, we now receive only £35,000; and tracing it out I find that during the last six months we have not been receiving at a rate of over £30,000 a year, when we ought to be receiving £46,000, taking the population as a basis. We have only to look around, and we see that every here and there large buildings are going up as Colonial breweries. I am not sorry to see Colonial industry progressing in various ways; but I feel it to be my duty as the Minister charged with the revenue of the country to point out to the Committee that causes are at work which are undermining our revenue from those articles which heretofore we have always considered as those we have a fair right to look to as a support of part of the revenue of the country.

AN HON. MEMBER: You get a little more on malt.

MR. STUART: We get about £3,000 on malt and about £2,000 on hops. Then I find respecting the revenue on tobacco, that whereas we received in 1872 £74,369, we are now only receiving precisely the same amount. Well, of course the reason of that is obvious. The Colonial growth, which is very considerable, is taking the place of the other. Manufacturers are also so anxious to convince smokers that nothing but the pure American can emanate from their factories that we find it difficult to trace what becomes of the Colonial. But I have compiled from the Statistical Register a return of the tobacco said to have been grown in the Colony during the last ten years, and I find that though it is liable to fluctuations—there have been two years during the last ten when the crops have been very low—the average of the ten years gives a growth of 436,000 lbs. per annum. I suppose that was expended in smoke; but at all events none of it has found its way to the enrichment of the revenue. Well, it will be in the recollection of the Committee that last year when my honorable friend at the head of the Government made his Financial Statement he proposed, and intended to make, an alteration in the tobacco duties. That alteration was strongly opposed by

some, and when I had the honor of taking a seat in the Government of the Country, I had a meeting with the manufacturers and found, upon looking into the matter closely, that it was a subject that demanded more attention and thought than could be given to it at that particular moment. It will be remembered that in reply to a question on the subject I stated that it was not the intention of the Government to proceed with the proposed alterations in the tobacco duties that year because we felt that it was a matter which required more consideration, and we consequently withdrew the proposed duties with the expressed intention of bringing the matter forward again on the present occasion. Well, if honorable members will look at the particulars under the head of Customs, they will find £15,000 added to the duty on tobacco, which just brings it up to the proportion of our population, taking the year 1872 as a basis. The proposal which I have now to suggest, and which I intend to bring forward with regard to this item, is that tobacco manufacturers should carry on their operations under bond in precisely the same way as the Colonial distillers carry on theirs—that there should be a duty of 9d. per lb. levied at the Custom House upon all foreign leaf cleared from bond, that is, transferred from the bonded warehouse to the factories, and then that there should be a duty upon the manufactured weight of 6d. per lb. levied upon all manufactured tobacco leaving the factories, and as a necessary consequence, because I do not propose to disturb the present differential rate between manufactured and unmanufactured tobacco, that there should be an additional duty of 3d. per lb. upon all manufactured tobacco imported. Imported manufactured tobacco at present pays 2s. per lb. I propose that the duty should be 2s. 3d. Imported leaf pays 1s. per lb. ; I propose that it should pay a Customs duty of 9d. for leave to transfer it into the manufacturing bond, and that 6d. per lb. should be paid upon everything that comes out of these manufacturing bonds in the shape of manufactured tobacco. We heard last year a great deal about the weight of tobacco being increased in the process of manufacture. A very large amount was stated as the increase, but upon investigation that increase dwindled down very considerably. Whatever the increase may be, however, the Government will, under the present proposal, get the 6d. a lb. upon it. Many of the manufacturers, however, tell us they never touch Colonial tobacco. If they insist that they do not, then my reply to them is we do not tax Colonial tobacco; but if they do use it, as I believe they do, then it will pay perhaps not 6d. a lb., but such proportion as 6d. per lb. on manufactured tobacco bears to the unmanufactured weight.

MR. DIBBS: Then it will increase the value of manufactured Colonial tobacco sold as such.

MR. STUART: Then I will be very glad to see Colonial tobacco sold as Colonial tobacco. I think one of the most disgraceful things we have heard in this House was the exposure of the practice which exists here of selling goods under false brands that have been registered under the Trades Marks Act of this Colony.

MR. MCELHONE: Some of our merchants have made fortunes at it though.

MR. STUART: We are not here to speak of what our merchants do. I suppose the merchants of this community are just as honorable in their avocations as other men are in theirs. To return to my proposals: they are, I believe, founded on justice. A slight portion of the duty may fall upon the manufacturer, a certain portion on the producer, and a certain portion on the consumer, so that if the duty be divided amongst those three classes it will be, I think, a very equitable tax. But the day is fast approaching when, whoever may hold the office of Colonial Treasurer, will have to consider not only what shall be done with the tobacco, but what shall be done with the sugar, the beer, and the wine manufactured in the Colony, and also with respect to kerosene, of which an honorable member reminds me, for there can be no doubt that the duty on that article is a clear instance of protection. Our Colonial-manufactured kerosene is protected to the amount of 6d. per gallon. I am not now considering whether that ought or ought not to be; I am merely pointing it out as a subject which must shortly be taken into consideration. I have now to make a few remarks on the other portion of the subject brought

forward last year by my honorable colleague at the head of the Government, namely, the duties which he proposed to remit. I propose to submit nearly the same list, comprising fifteen or sixteen articles, the duty on which amounts to about £20,000. I consider that when I withdrew the tobacco-duties last year, I also withdrew the list of articles which he proposed to exempt from duty; and as I now re-submit the tobacco proposal in a modified form, so also I re-submit the list of other articles in a modified form. The chief of those articles is salt. I cannot recapitulate all the arguments used in favour of the remission of this tax, but there are many persons in the community who hold the free use of salt to be a blessing and a necessity for the preservation of cattle and sheep on poor country, and they consequently desire to have it free of taxation. The list I propose is as follows:—Bacon and hams, biscuits, blue, maizena and corn-flour, cordage and rope, ginger, gunny-bags, mustard, paper (writing and fancy), sago, salt and saltpetre, sashes, shot, soda crystals, and spices.

MR. PIDDINGTON: Have you not included shutters?

MR. STUART: No; but I think they ought to be included, as no revenue is derived from them, and therefore the name of the article ought not to encumber our statute book. The only articles in the list prepared by my honorable friend which I have not seen my way to agree to are oilmen's stores, vinegar, and timber—including, of course, doors, for we could not be so unjust as to take the duty off doors while we allowed it to remain on the raw material—timber. These items amount to £11,000, and I cannot see that there would be any gain to the community commensurate with the loss of that revenue; therefore I have allowed the duty to remain.

MR. FITZPATRICK: What will be the increased revenue from tobacco?

MR. STUART: I estimate it at £20,000 a year, but I have put £15,000 in my Ways and Means, because we cannot collect all the duty this year.

MR. WATSON: When will you take off the duties?

MR. STUART: I propose proceeding with the question of duties at the earliest possible moment. The only other matter on which I would say a word is one to which I have given a great deal of consideration—I mean the consolidation of our public debt. The public debt of the Colony amounts to £11,759,000; about nine millions of which bear interest at the rate of 5 per cent., and the remainder at 4. Our 4 per cent. debentures are at the present time quoted at 98 to 99 in London. Of course, if we had the power of paying off our 5 per cent. debentures, there would be no hesitation about immediately paying them off and taking a loan at 4 per cent., even if we had to consent to some reduction on the recent quotation. But with the exception of a small amount of interminables which we have the option of paying off in 1882, we cannot pay off our 5 per cent. debentures without the consent of the holders until 1888, and then only by degrees. But it would be profitable for this country if we could prevail on the holders of our 5 per cent. debentures to take 4 per cent. debentures, with a bonus added, in exchange. I have been in communication with persons in London who are well acquainted with the state of the money market there, and I believe that before long I may be in a position to place before this House for its approval a scheme by which holders of our 5 per cent. debentures will have the option of taking 4 per cent. debentures in lieu at a rate that will be a considerable benefit to the Colony. There are portions of our 5 per cent. loan which at the present moment do not realize a very high premium in London. For instance, the holders of the loan known as the Million Railway Loan, owing to the uncertainty of the term of investment—for honorable members may remember that the amount is being gradually extinguished by annual drawings—would exchange for a 4 per cent. loan on terms favourable to this Colony. The scheme which I have endeavoured to foreshadow would have this effect: although we cannot force the holders to exchange their present bonds for others, yet every year there will be a greater desire on the part of the holders of our 5 per cent. securities to exchange, because, as the time approaches for their payment, they will only get the net amount, and it will be easier therefore to deal with them. But I think the time

has arrived when we ought to give them an opportunity of changing their investment. We would, of course, have to give more of the 4 per cents. in exchange for the 5 per cents.; but if the holders of £90 of 5 per cents. would exchange for £100 of 4 per cents., then this country would be a gainer throughout the forty years—supposing the loan extended over that period—of nearly ¾ per cent. per annum; and ¾ per cent. on a debt of eight millions would amount to about £60,000 a year. Having, I am afraid, wearied you almost to exhaustion, I have only in conclusion to thank you ——

MR. T. G. DANGAR: What about the stamps?

MR. STUART: I am glad the honorable member has reminded me, as I had forgotten to refer to the stamps. The estimate of Stamp Duties is precisely the same as that entered upon last year's accounts. It is not new taxation, but simply a question of debt alleged to be due by certain parties or certain estates to the Colony; and I consider that I would have been extremely negligent in my duty, as custodian of the finances of the country, if I had allowed any portion of that sum to be written off without the consent of Parliament. Of course Parliament has the right to forgive this debt or that due by Queensland, or any other debt due to the Government under any circumstances, but I feel that in again bringing it forward I have only discharged my duty. I have now only to thank you for the very patient hearing you have given me.

MR. WATSON asked the Colonial Treasurer if it was his intention to have these new duties collected to-morrow. If so, it would be a great hardship. Some time should be allowed for those who have large stocks to get rid of them before the duties are altered.

MR. LORD said it would be contrary to law to make this change to-morrow.

MR. STUART: The honorable member has misunderstood me. I said I would take the earliest opportunity of submitting the matter to the House.

MR. PIDDINGTON and MR. HOSKINS asked the Colonial Treasurer if he would have the details of the appropriations he had referred to printed and distributed among honorable members.

MR. STUART: What I stated was that there were appropriations of Parliament amounting to £1,046,890 for certain services which had not yet been spent, and that this sum formed a portion of the £2,938,000 which on the 31st December last was in the banks. In the papers which I have laid before the House the particulars of the outstanding liabilities of 1875 are given in the Statement marked C, page 25. For the year 1874 there are appropriations still retained for expenditure to the amount of £7,633. There were also appropriations of 1876 to the extent of £1,149,791 not yet expended, of which it was estimated £260,000 would not be required. The particulars of these sums I will have printed and distributed as a supplement to the Ways and Means.

MR. LLOYD desired to ask the Colonial Treasurer what he proposed to do with the surplus of £2,406,000 at the end of 1877.

MR. STUART: There are certain deductions proposed to be made from that amount, and I propose to apply the rest to those public works for which loans have already been sanctioned—such works—chiefly railways—as are provided for in the Loan Act of last year, to the amount of nearly three millions, which loan I do not propose to place upon the market as long as we have anything like the surplus we now have. I propose to utilize the surplus in this way, inasmuch as we cannot at present pay off much of the debt. I propose that the surplus should be used to postpone the borrowing of money for these works. I take this opportunity of stating, with regard to the interminable debentures, that they were originally issued with twenty years coupons attached and that as the Government has not the option of paying them off until 1882, I issued new debentures with coupons for a further period of five years only, because I hope that the Colony will then be in a position to pay them off. But inasmuch as the coupons of a portion of those debentures, now in London, would be used up on the 1st of January last and on the 1st of July next, I gave the holders of the old bonds, when I sent home the new debentures referred to, the option of taking payment in London at the present time. They are payable only in Sydney, but I thought that some of the holders might be glad to

receive their money in London at once, rather than have the trouble and expense of receiving it five years hence in the Colony. Out of £35,000 of debentures, payments have been made in London to the extent of £8,000, and Mr. Larnach, in a telegram, has stated that if longer notice had been given a larger number would have availed themselves of the option. He has suggested a repetition of the offer by the 30th of June, when, he thinks, a considerable number will accept it. The Government would be glad to pay the whole of these interminable debentures, which amount to £240,000, out of the surplus, but they cannot force the payment; it is only to those who agree that payment can be made.

NEW SOUTH WALES.

The Financial Statement of the Honorable William Richman Piddington, made 2nd May, 1877.

LEGISLATIVE ASSEMBLY.

2nd May, 1877.

FINANCIAL STATEMENT.

Mr. FARNELL: In moving that there be granted to Her Majesty out of the Consolidated Revenue Fund the sum of £1,733 towards defraying the expenses of the establishment of His Excellency the Governor for the year 1877, I hardly know whether it is necessary that I should make any observations to the Committee on the present occasion, seeing that the Government have adopted the Estimates of their predecessors, and have only made some few additions in an Additional Estimate. But I certainly feel a degree of astonishment which I can hardly express, at the extraordinary state of the public revenue. One quarter's revenue now exceeds the revenue for the whole year at the time when I first became a member of this House. The month of April, which has just closed, is an instance of the great increase in the revenue of the Colony, inasmuch as it exceeds that of April, 1876, by about £150,000. As the Government have taken office so recently, they do not intend to propose any change in the fiscal policy this session. Any change necessary in that direction will be deferred until the next session, if we should have the honour to remain in office. My duty, therefore, is a very simple one, and as I have to deal entirely with figures honorable members will not have to listen to any long speech from me. It will be recollected that when the late Treasurer (Mr. Stuart) made his financial statement, it was the intention of the Government to introduce a Bill to amend the Audit Act of 1870, chiefly for the purpose of extending the period within which votes of Parliament would be available for the Services for which obtained. Under the present law all grants of public money for the expenditure of which contracts or engagements had not been entered into before the close of the year for which they were given lapse, and cannot be used again unless under a fresh vote of Parliament. This provision has been found, more especially of late years, very inconvenient and even detrimental to the public interests; for the late period at which the annual Appropriation Acts have frequently been passed has precluded contracts for the numerous public works, therein provided for, being taken within the time prescribed. Where it has been found necessary that these works should be carried out, the sums originally provided for them have been re-voted, but much delay has arisen in consequence of this course having to be adopted. The re-votes for this year amount to £415,924, and this large amount is due to the circumstance that the Appropriation Act for last year was not passed until August, thus making it impossible for the whole of the amounts voted for public works to be expended by March in this year, the limit fixed by the Audit Act. The late Treasurer did not include in his Estimates-in-chief for 1877

any of the appropriations of 1876 which, for the reasons above stated, may be considered to have lapsed on the 31st December last, because it was his intention to insert a clause in the Bill to amend the Audit Act (which he subsequently introduced) that would apply to such appropriations and have the effect of keeping them alive until the end of the present year. In other words, the Bill was to have a retrospective as well as a prospective application. It has, therefore, become necessary to recast the accounts submitted by Mr. Stuart with his Ways and Means, provision having been made in the additional Estimates for 1877, now before the Assembly, for those Votes of 1876 which actually lapsed under the 17th clause of the Audit Act. The Additional Estimates, therefore, include this sum of £415,924, for re-votes. I think it is far better that they should appear with all the inconvenience of re-votes than that they should be kept alive by a provision in the Audit Act, because the more honorable members are made acquainted with the difficulties caused by the prolonging of a session, and the consequent delay in carrying on public works, the more they will be disposed to concur in any course of procedure that will tend to secure the passing of the Appropriation Act at an early period of the year. That is one reason why the Government urged upon the Assembly to confine the business of the session to passing the Estimates for this year, which ought to have been passed six months ago, with a view to bringing our financial year into its normal and proper condition. The accounts now submitted are in many respects similar to those submitted in January last, although, for reasons which will be stated in connection with each, the results are somewhat different. The first account of the present Ways and Means is for the year 1875, and shows a surplus of £1,615,525 17s. 3d. In the corresponding account submitted with the Ways and Means of January last the surplus at the close of 1875 was estimated at £1,616,958 4s. 7d., being £1,432 7s. 4d. greater than that now shown. This difference is caused by the addition of a few items to that part of the Supplementary Estimates which relates to the Services of 1875 and previous years. £4,242 1s. 3d. was the amount of these Services in Mr. Stuart's Estimate, while £5,674 8s. 7d. is the amount in the present one, being an increase of £1,432 7s. 4d., a sum which of course reduces the previous surplus to a like extent. Honorable members will find the account for 1876 at page 10 of the Estimates of Ways and Means. In this year there is a considerable alteration. In the account now submitted for 1876, the estimated surplus at the close of that year, including the surplus of 1875, is shown to be £2,059,586 4s. 11d., while in the one submitted by Mr. Stuart it was only estimated at £1,679,608 17s. 7d., being a difference of £379,977 7s. 4d. This large increase in the estimated surplus of 1876 is to a certain extent accounted for by the lapsed appropriations of that year, which will be re-voted as 1877 Services, while at the same time the larger balance thus carried forward to the present year will meet the amount of such re-votes. The following statement will show more clearly how the increase of £379,977 7s. 4d. in the surplus of 1876 arises :—The votes of 1876 which have lapsed under the 17th clause of the Audit Act, but which the House will be asked to re-vote on the Additional Estimates for the present year, amount to £415,924 16s. 8d. This additional credit of 1876 is, however, in effect, reduced by the increase in the Supplementary Estimates for Services of 1875 and previous years already mentioned, viz., £1,432 7s. 4d. ; and an increase in the same Estimates, for 1876 Services, over those submitted by Mr. Stuart, of £34,515 2s. ; together amounting to £35,947 9s. 4d. ; which deducted, leaves the sum stated, viz., £379,977 7s. 4d. When the late Treasurer laid the Supplementary Estimates for 1876 before the Legislative Assembly the year had not expired ; consequently it was not then known to what extent the votes of that year would prove deficient. Since then, however, the deficiencies have been ascertained with more exactitude, and provision made for them accordingly in the present Estimates. Compared with former Supplementary Estimates, the present one is not excessive. The following are some of the principal items included therein :—Forage for police horses, £4,000 ;

conveyance of prisoners, £1,000; Asylums for the Infirm and Destitute, £2,636 19s. 11d.; fees to prosecuting barristers and presiding Judges, £1,979 15s. 6d.; printing, bookbinding, &c., £4,488 17s. 5d.; stores and stationery for the Public Service generally, £3,221 17s. 1d.; advertising for same, £1,961 7s. 8d.; interest on Government Savings' Bank Funds in the Treasury, uninvested, £1,184 17s. 9d.; inspection of conditional purchase, £2,343 14s. 5d.; commission to land agents, £5,000; fees to licensed surveyors, £14,000; harbours and rivers navigation works, £7,450; works and buildings, £15,515; roads and bridges, £6,540 13s. 4d.; railways—working expenses, £5,500; purchase of land at Duck River, near Parramatta, as site for railway workshops, £3,429 10s.; conveyance of mails, &c., £7,025; and charter of the Ly-ee-Moon, £1,195 19s. 4d. If honorable gentlemen will turn to the next balance sheet they will find the estimate of revenue and expenditure for 1877. Excepting in the Estimate of the Minister for Lands, in which there is a reduction of about £67,000, no material alteration occurs in the Estimates-in-chief now submitted for 1877. It has been deemed expedient to make as few alterations in these Estimates as possible, and rather than encumber them with new items to submit an Additional Estimate at the same time. The Additional Estimate amounts to £728,275 7s. 4d.; but of this the re-votes of 1876 amount to the large sum of £415,924 16s. 8d., leaving for new Services, £312,350 10s. 8d., and making the estimated expenditure for the year £4,843,937. Now, upon the credit side of the account, honorable gentlemen will see that the estimate of revenue for this year is an exceedingly large one, larger, I suppose, than any ever before submitted. The estimated receipts are £5,308,410, whereas our predecessors estimated an income of £4,908,000. The large increase in the credits of 1877 arises from an increase of £379,974 in the surplus brought from the account for 1876, which, as I have already explained, arises from the lapsing of votes which were not charged against that year. It is now carried to the present year, and it is against that surplus that these re-votes can fairly be charged. And then there is an increase in the estimated revenue of 1877, under the head of land sales, amounting to £400,000. The revenue we anticipate from land sales this year is £2,480,000. That is a gratifying circumstance. In order to show that this is by no means an over-estimated amount, I have had prepared the following statement showing the amount of land revenue received on account of the undermentioned heads for the four months ended 30th April, 1876, and 30th April, 1877, respectively—showing the increase or decrease under each head thereof. Under the head of auction sales, the amount received in the first four months of 1876 was £380,373 0s. 3d.; for the same months of 1877 the amount received was £830,797 6s. 7d., the increase from this one source being £450,424. Selections after auction yielded £30,059 6s. 7d. in the four months of 1876, and £40,709 11s. 2d. in 1877, showing an increase of £10,650 4s. 7d. The next item, provisional pre-emptive right sales, is the only one in which there is a decrease, the amount in 1876 being £50,081 10s. and in 1877 as £36,726 17s., the decrease being £13,354 13s. Under the head of deposits on conditional purchases the amount in 1876 was £143,883 19s. 9d., while in 1877 the amount was £148,603 19s. 10d., showing a small increase of £4,720 0s. 1d. for the four months of this year. Instalments of conditional purchases produced £2,088 13s. 6d. in 1876, and £5,861 0s. 2d. in 1877, being an increase this year of £3,772 6s. 8d. Under the head of balances of conditional purchases, £27,622 5s. 7d. was received in 1876, and £31,937 17s. 11d. in 1877, being £4,315 12s. 4d. in favour of the four months of this year. The total of the land receipts under all the headings was, in 1876, £634,108 15s. 8d., and in 1877, £1,094,636 12s. 8d., showing a total increase of £460,527 17s. for the four months of this year, as compared with the corresponding four months of last year. These figures show conclusively that we have really under-estimated the probable receipts from land, although we have added to them the sum of £400,000, as compared with the estimate of my predecessor. These two items then—the increase in the surplus brought from the account for 1876 and the increase in the

revenue likely to be derived in 1877 from land sales by auction—bring the total additional credits up to £779,977 7s. 4d. From this has to be deducted £661,984 18s. 4d., the amount of the Additional Estimate for 1877 (£728,275 7s. 4d.), less a reduction in the Estimates-in-chief for 1877 as compared with those submitted by the late Government of £66,290 9s., producing an increase in the surplus of £117,992 9s. The Additional Estimates, as I have explained, amount to £728,275 7s. 4d., of which £415,924 16s. 8d. is for re-votes of 1876, leaving for new services £312,350 10s. 8d. The principal items embraced in this amount are the following:—Refund to the City Corporation of the grant of 1876, £10,000; harbours and rivers navigation works, £52,291; public works and buildings, £142,406 18s. 2d.; roads and bridges, £53,545; electric telegraphs, £37,800; railways, £1,200; for services of hydraulic engineer, £3,000; and expenses connected with small-pox hospital ship, £5,686 1s. Although the lapsed appropriations of 1876, which it is proposed should be re-voted, are charged in the account for this year, they do not on that account form a legitimate charge against the revenue of 1877. They are chargeable rather against the surplus brought from the account of last year. The object in view in treating them as appropriations of 1877 is to secure for them a longer currency than they would have if treated as appropriations of 1876—an arrangement which will doubtless obviate the necessity for having them again re-voted in the event of its being found impracticable to undertake at once the works for which they were originally obtained. To ascertain, therefore, the correct estimated charge against the revenue of 1877, it is necessary to deduct from the proposed expenditure the amount of the re-votes included therein, thus: Expenditure as per Estimates-in-chief, less the vote of £60,000 for the Treasurer's Advanced Account, £4,115,661 16s. 8d.; expenditure as per Additional Estimates, £728,275 7s. 4d.; amounting together to to £4,843,937 4s., which honorable members will find in the balance-sheet for this year at page 14 of Ways and Means. Deducting from this the amount of re-votes included in the additional Estimates viz., £415,924 16s. 8d., there is left an estimated expenditure of £4,428,012 7s. 4d. against the revenue of 1877. The revenue of 1877, as now estimated, amounts to £5,308,410: deducting therefore, from this the estimated expenditure properly chargeable thereon, as above shown, viz., £4,428,012 7s. 4d., there remains an estimated surplus, on the year 1877 alone, of £880,397 12s. 8d. If to this sum be added the accumulated surplus brought from the year 1876, viz., £2,059,586 4s. 11d., less the amount of re-votes, which is in reality a charge thereon, £415,924 16s. 8d., then there is produced the estimated accumulated surplus shown in the account for 1877, of £2,524,059 0s. 11d. Now, I do not think such a statement was ever made in New South Wales before as that in the transactions of one year there is an estimated income over expenditure of £880,397 12s. 8d. Therefore, I think that Members will feel little or no anxiety in covering by a vote in Ways and Means a formal vote that is always taken in Committee of Supply in order that the Colonial Treasurer for the time being may make a statement of the position of the finances of the Colony. That position is a most flourishing one. No doubt it is attributable in a great degree to the large sums received from land sales. But how could we distinguish, so far as the Consolidated Revenue Fund is concerned, between every pound received from taxation of a direct character and every pound received from the sale of public land? In both cases the receipts, by our Constitution Act, go into the Consolidated Revenue Fund, and the Treasurer for the time-being must deal with the money so derived as part of the public revenue of the country. And I for one believe that although we are selling our lands to a very large extent, we are, by expending a large amount of the public revenue in railways, re-investing the capital in reproductive works which will be of infinitely more benefit to the State than the existence of this land in the hands of the Crown. I have always been an advocate for diminishing the price of the public lands of the Colony, because I have always thought that it was infinitely better for the community that they should be in the

hands of individuals rather than held by the Crown. I am a decided advocate for the unequivocal ownership involved in fee simple rather than in keeping it in the possession of persons having a lesser interest in it. However, with the aid of the honorable gentleman opposite, I hope the Government may succeed in securing the support of the House to the extension of the railways, and also to any scheme that may be submitted for establishing a system of immigration by law. However, this forms no part of the proposition of the Government, inasmuch as we wish to bring this session to a close speedily. Still I think that a system of granting money on the Estimates for immigration is not so satisfactory as a system which would secure an annual appropriation under the authority of law. I may say that it is not considered necessary to make any allusion to the Loan Accounts, inasmuch as no fresh loans have been negotiated since the late Colonial Treasurer made his Financial Speech, three months ago. As already stated, I merely intended to supplement the elaborate statement of my predecessor by alluding only to the changes which the progress of events has necessarily produced since then, both in the estimates of revenue and expenditure. I presume that it is the earnest desire of all honorable members to bring this session to as speedy a close as possible, with the view of convening Parliament again at the early period to which the Government has pledged themselves, so as to take the course that the Colonial Secretary has foreshadowed. I am quite sure the Government will redeem their pledge as soon as this session is prorogued, by advising his Excellency to convene another session within a month thereafter, in order that the Estimates for 1878 may be dealt with at a more satisfactory period than the present Estimates are being proceeded with. With this explanation I propose, sir, the formal motion that I have already submitted in Committee.

THE HONORABLE HENRY EMANUEL COHEN.

NEW SOUTH WALES.

The Financial Statement of the Honorable Henry Emanuel Cohen, made 31st January, 1878.

LEGISLATIVE ASSEMBLY.

31st January, 1878.

FINANCIAL STATEMENT.

Mr. GARRETT: I beg to move that "There be granted to Her Majesty, out of the Consolidated Revenue Fund, the sum of £1,733, to meet expenses in connection with the Establishment of His Excellency the Governor for the year 1878." In submitting to the Committee this item as the formal initiation of the Financial Statement, I have to appeal to honorable members for the indulgent exercise of their forbearance whilst I discharge the arduous, and to me, novel task in which I am now engaged,—an indulgence I the more earnestly and perhaps justifiably claim by reason of the very limited period permitted to me for preparation, in view of the necessity of proceeding as early as possible with the business of the Session, and the desirability in the interest of the Country of obtaining as speedily as practicable the necessary Supplies for the year 1878, which, in the normal condition of things would have been granted by Parliament anterior to the close of 1877. The system which has obtained during the past three years, of periodically making temporary provision for the Public Service by monthly Supply Bills, is one which stands emphatically condemned upon Constitutional grounds, and also by reason of the serious delay and inconvenience which follow in the prosecution of public works, the votes for which are not finally appropriated by Parliament until late in the year for which the expenditure is authorized. The present Administration deeming it to be one of their paramount duties to provide the proper remedy for this unsatisfactory state of things, have decided upon asking Parliament to grant the necessary Supplies for the year with all convenient speed. Considering the overflowing Exchequer, which has of late years released the Finance Minister for the time being from all anxiety as to the sufficiency of his resources to meet the requirements of the Country, and which now substantially exists in the shape of "Special Deposits" and advances to "Loan Funds," it might be assumed that there existed no difficulty in guiding or managing the financial affairs of the State; but the rational desire of all right-thinking persons, imbued with an anxiety to see our annual income "proper" co-extensive with our annual expenditure "proper," and the equal desire, not to say solicitude of any Colonial Treasurer, alive to his official responsibility, to equalize the revenue and expenditure "proper," still impose upon him the duty and care of fully providing the Ways and Means required for the year with which he is dealing, irrespective of any moneys accumulated from previous years and available for the necessities of the State, and I

trust I shall before resuming my seat satisfy the Committee that I have not failed in this respect. I claim no indulgence or freedom from criticism for views which do not commend themselves to the approval of honorable members—though I venture to hope that mine will not be unacceptable to the Committee—but I simply ask for indulgence personal to myself in consideration of the limited experience I am able to apply to the important duty in which I am now engaged. It is not my intention to elaborate or burden my speech with voluminous statistical comparisons to demonstrate the progress of the Country; that, for the time-being, is best and sufficiently indicated in a general way by the large annual returns now being made to the public coffers, and, *inter alia*, in a more specific mode by the substantial increase in our Customs Revenue, in the earnings of our Railways and Telegraphs, and in the receipts from the Post Office,—these establishments being amongst the most important parts of our national revenue-providing machinery, relying for support upon the improved social condition of the people and the general expansion and development of our large commercial, agricultural, pastoral, and mining interests. Statistics I can understand being used as a basis and proof of Budget calculations, but for any other purpose they appear to me to be scarcely apposite to a Financial Statement in Committee of Ways and Means. With these prefatory observations I shall now apply myself more immediately to an exposition of the financial accounts of the Country, and may here conveniently remark that when hereafter using the unqualified term "Revenue," I wish it to be understood as meaning the entirety of our income or receipts, of whatever nature they may be, as distinct from the narrower designation, "Revenue Proper;" and further, that to a large extent, in mentioning amounts, I shall for convenience sake state them in round numbers as they appear in the accounts, since the exact figures will be seen by those accounts and by the Explanatory Statement which will be placed in the hands of honorable members during the evening. It will no doubt be in the recollection of honorable members, that the Administration which, on the 22nd December, 1876, through its then Colonial Treasurer, the honorable member for East Sydney, Mr. Stuart, laid upon the Table of the House the Estimates for 1877, retired from power in March of the following year, before those Estimates had been considered, and that the succeeding Government of which the late honorable member for the Hawkesbury, Mr. Piddington, was Finance Minister, found it expedient to submit fresh Estimates for the approval of Parliament. In consequence of that and other changes of Government during last year, additional Estimates were brought forward, both then and at a later period, which resulted in so materially altering the public accounts as to render it desirable, nay necessary, that an explanation of these alterations should be given, with the view of conveying a clear and definite understanding of their present position. The honorable member, Mr. Stuart, who made his Financial Statement on the 24th January, 1877, estimated that the revenue of that year would amount to £4,908,410, the expenditure to £4,181,952, and the accumulated surplus at the end of the year to £2,406,066. Mr. Piddington, who made his statement on the 2nd May, and had therefore the actual revenue of four months to guide him, estimated the Revenue at £5,308,410, or £400,000 in excess of Mr. Stuart's, the expenditure at £4,843,937 (inclusive of re-votes of 1876 to the amount of £415,924), and the accumulated surplus at the close of the year at £2,524,059. Subsequently Mr. Piddington submitted two additional estimates for 1877, amounting together to £2,626,395, which included £2,023,550 for railway works, such as had on previous occasions been provided for by Loans. This large additional expenditure would have more than absorbed the surplus, but for the circumstance that at the time it was submitted the revenue was largely exceeding the estimate of May, which, taken in connection with the probability of there being large savings on the appropriations of 1877, would still have left a considerable credit balance. The Government which came into power in August last, of which the honorable member for Parramatta, Mr. Long, was

Treasurer, withdrew that portion of the additional estimates of their predecessors which had not been dealt with by the Assembly in Committee of Supply, and submitted others from which were omitted all the items included in Mr. Piddington's for the construction of railways, which were however embodied in a separate Loan Estimate. By this arrangement the estimated surplus at the close of 1877 was not interfered with to any great extent. From the Ways and Means, which I will submit at a later period of the evening, it will be seen that the actual revenue of 1877 amounts to £5,751,879, and the expenditure, which is still, to a certain extent, only an estimate, to £5,530,056, and the estimated accumulated surplus on 31st December, last to £2,317,343. The revenue of last year has therefore exceeded Mr. Stuart's estimate by £843,469, and Mr. Piddington's by £443,469. The accounts which will be submitted in elucidation of the present and prospective condition of the Consolidated Revenue Fund are of the usual character, viz.:—An account of revenue and expenditure for 1876; an account of revenue and expenditure for 1877; an account of estimated revenue and expenditure for 1878. With respect to the account for 1876, very little explanation is necessary, as the result now shown differs from that previously given to the extent of only £36,735. In the Ways and Means submitted in May last the accumulated surplus was estimated at £2,059,586. In consequence of certain changes which took place last year, but mainly from the lapsing of additional appropriations, the surplus for that year is now estimated at £2,096,321. Full particulars of all the changes in this account will be found in the explanatory statement which I will at the close of my speech lay upon the table for the information of honorable members. Coming now to the account of revenue and expenditure for 1877, I have to point out that the one now submitted differs essentially from that submitted by Mr. Piddington in May last; then it was necessarily an entirely an estimated account; now it shows more definitely the actual results of the year's operations, especially so far as the revenue is concerned. The revenue, which was at that time estimated to yield £5,308,410, actually reached £5,751,879, that is £443,469 in excess of the estimate. Taking now the actual result of each year, it will be seen that the revenue of 1877 exceeded that of 1876 by the very large sum of £714,217; and while there can be no doubt that the larger part of this increase has arisen from the sale of Crown Lands, a very fair and gratifying proportion has been derived from other sources, which indicate in a more marked and, I think, in a more satisfactory degree, the general advancement of the Colony and the continued even flow of that tide of prosperity which first made its presence known through the finances of the country in 1872. Comparing a little more in detail the revenue of 1877 with that of 1876, it may be interesting to note the more salient items of increase, and for a few moments to give our attention to them. First, then, we have "Customs" with £62,861 increase, the total receipts from this source being £1,011,872 in 1876, as against £1,074,733 for 1877. This outcome for 1877, apart from the monetary benefit which has accrued to the public exchequer, tells with undeniable cogency that our commerce, or in other terms, the consuming power of the population, is increasing, which in its turn signifies the greater aggregate ability of the people to spend, even in face of a succession of seasons which have been of late of the most trying character to all our great interests. Under this special branch of revenue, spirits show an increase as between 1876 and 1877 in favour of the latter year of £34,000; tobacco and cigars, an increase of £19,500; sugar and molasses, an increase of £7,000; dried fruits, an increase of nearly £8,500; and specific duties, an increase of nearly £28,000. These results must on the whole be very assuring to the country; for whether such additions to our revenue, springing as some of them do, from what has been termed "voluntary taxation," arise from the more ample means of individual consumers, or additions to our population, or from both causes, they bear testimony to the steady growth of our community, and its power to provide itself with many of the luxuries of life. Licenses show an advance of £7,373, to

which retail fermented and spirituous liquor licenses contributed £6,300. The receipts of the years I am comparing as they stand in chronological order, being respectively £80,302 and £86,602. Whether this in itself is a proof of true and substantial progress upon which the country may be congratulated is a question upon which opinions may differ; but the figures as they are "will point a moral and adorn a tale," according to the proclivities of the individual mind that may study them. The "sales of land" for 1877 have overleapt those for 1876 by £427,128, having realized for the later period £2,841,203, the particulars of which are given in the detailed revenue, attached to the Ways and Means, which will be distributed amongst honorable Members. The great and apparently irrepressible desire to purchase Crown Lands by auction which prevailed at the commencement of the year has since given unmistakeable signs of having been brought under restraint; and apart from other extra-Governmental causes that have produced this downward tendency in this branch of income, the present Administration has determined to place some restriction upon the alienation of our waste lands by this particular method. "Interest upon conditional purchases" for 1877 shows an advance upon 1876 of £27,325, having attained a total of £126,654, as against an estimate of £130,000, an approximation of figures which speaks favourably of the calculations made upon available official data by the officers to whom this duty is entrusted. Bearing in mind that a year of unusual severity, by reason of the absence of rain, has been experienced by the class of persons by whom this sum has been paid, it testifies strongly to their readiness to liquidate their public liabilities when we find them meeting this claim of the State with so much promptitude and completeness. "Railways" to which I shall hereafter refer more fully, have returned for 1877 £121,500 above the earnings of 1876. This is a fact which must commend itself with a welcome to every colonist, interested as each one is in the success of this the greatest of all our national undertakings. The Post-office, which includes the Telegraph Department, has during 1877 yielded £33,567 over and above the yield of 1876, and to this I need only direct the attention of the Committee as evidence of the growth and onward march of our young country. Bank deposits have in 1877, for interest, given us £31,773 more than in 1876; but as I purpose dealing hereafter somewhat more amply with this feature in our finances, I shall now pass from it with this bare reference. Having thus briefly alluded to some of the main features of last year's revenue, I will now as briefly direct the attention of the Committee to its expenditure. As originally estimated by Mr. Piddington, the expenditure of 1877 amounted to £4,843,937, which included appropriations of 1876 for public works to the amount of £415,924, which had to be revoted as charges against the year 1877. Subsequently further additional estimates were submitted by Mr. Piddington, only a small part of which was voted prior to the change of administration that took place in August last. On the re-assembling of Parliament after that change the additional estimates then before the Assembly were withdrawn, excepting such as had been dealt with in Committee of Supply, and others substituted for them. These changes resulted in appropriations by Parliament for general services, under the Act 41 Vic. No. 8, to the amount of £4,696,249, to which have to be added the appropriations under Constitutional and Colonial Acts, £47,947; special appropriations, £837,000; further special appropriations as shown in the account now under review, £159,253; making a total authorized charge of £5,740,449. To this there has also to be added the amount of the supplementary estimates now before the House, viz., £100,407, which brings the charge against the year 1877 up to £5,840,856. As on former occasions, however, there must be deducted from this sum the amount of appropriations not likely to be required, which are estimated at £310,000, thereby reducing the estimated expenditure to £5,530,856. Deducting this expenditure from £5,751,878, the revenue of last year, there is left a surplus of £221,021, which added to the surplus brought from 1876, viz., £2,096,322, produces an estimated accumulated surplus on the 31st December last of

£2,317,343, which is less than that estimated by the late honorable member for the Hawkesbury (Mr. Piddington) by the sum of £206,716, a difference which will be found more fully accounted for in the explanatory statement already referred to. It will be seen on reference to the explanatory statement that the years 1872 to 1877, both inclusive, have each yielded a portion of the surplus which at the close of 1877 amounted in the aggregate to £2,317,343. The surpluses of 1875 and 1876 necessarily differ to a considerable extent from those previously given, because since then the estimated expenditure of the former year has been reduced by further lapsed appropriations, and the latter by the transfer to 1877, under the head of "Re-votes," of a large amount of appropriations for public works which could not be carried out in the year for which they were provided. As the expenditure of these six years, that is from 1872 to 1877, includes a number of payments of an extraordinary nature, it is only right to state them as they occurred, so as to give a clearer idea of the extent of the revenue over the ordinary expenditure of the country. Thus, in 1872 we paid off Treasury bills and debentures to the amount of £409,900; in 1873, debentures to the amount of £20,500; in 1874, Treasury bills and debentures to the extent of £357,100, and payments were also made under the Superannuation Act Repeal Act to the amount of £98,403, making together for that year £455,503. Then in 1875, debentures, part of the Public Debt, were paid off to the extent of £74,700; in 1876 further payments of a like nature were made to the extent of £760,200, and during 1877 to the amount of £33,200, besides a transfer under Parliamentary appropriation of £175,838 from revenue to Loan Fund, 36 Vic. No. 17, to make good the amount short-raised under that Act. These payments, which aggregate £1,929,842, of course form part of the excess revenue of these years, as much as the surpluses shown above do. In other words, that sum is part of the surplus devoted to special services, with the sanction of Parliament. During the period over which this large surplus has accumulated, the amounts realized by the sale of Crown Lands have increased from a comparatively small sum to one that is now considered out of all proportion to the ordinary income of the country. Excepting in 1872, when the ordinary revenue was slightly in excess of the ordinary expenditure, the land sales have unquestionably been the source from which the surpluses have sprung. The tabulated figures in page 8 of the explanatory statement of the public account will prove this, but they are so voluminous that I will not now weary the patience of honorable members by reading them. Before passing to the account for 1878, for which I am more immediately responsible, and in which I am naturally more interested, I desire to furnish the Committee with some information regarding the state of the public accounts generally, on December 31st last, as exhibited by the books of the Treasury. On that date the balances to the credit of the various public accounts of the Government stood thus:—Public account—Consolidated Revenue Fund, £2,351,073 15s. 8d.; Old Loans Account, £178,915 2s. 11d.; Trust Fund, £1,006,425 8s. 8d.; total, £3,536,414 7s. 3d. Special Loan Funds, £530,975 9s. 10d.; Superannuation Repeal Fund, £3,757 13s. 7d.; in all £4,071,147 10s. 6d. This amount, which exceeds the aggregate balances of 31st December, 1876, by the sum of £562,081 18s. 4d., was distributed in the following manner, viz.:—Bank of New South Wales—London Branch: Balance as shown by statement made up to 31st August, 1877, £16,125 9s. 1d.; remittances since that date, £750,000—together, £766,125 9s. 1d. Head Office, Sydney: Public Account, £394,676 17s. 3d.; Special Loan Funds, £409,733 3s. 3d.—making together, £804,410 0s. 6d.; total in Bank of New South Wales, £1,570,535 9s. 7d. Special deposits in the undermentioned banks, in accordance with the banking arrangements of May, 1876, viz.:—Bank of New South Wales £350,000, City Bank £250,000, Oriental Bank £250,000, Australian Joint Stock Bank £200,000, Bank of Australasia £175,000, English, Scottish, and Australian Chartered Bank £175,000, Union Bank, £175,000, London Chartered Bank £175,000, Mercantile Bank £175,000—in all, £1,925,000; total cash balance £3,495,535 9s. 7d.; to which

have to be added Securities in the Treasury Chest to the amount of £575,612 0s. 11d.; making a total as above shown of £4,071,147 10s. 6d. Having now finished with the accounts down to the close of 1877, I will ask the attention of the Committee to the Estimates of the present year. The estimated surplus brought forward from 31st December last, and appearing on the credit side of the account for 1878, is £2,317,343, and I estimate the revenue for this year at £4,873,750. These two sums together make £7,191,094. Deducting from this the estimated expenditure for the year, namely £4,723,689, there is left an estimated surplus at the end of 1878 of £2,467,405. It will, however, be observed that the revenue as estimated for the year is £150,000 more than the estimated expenditure. The expenditure is made up of charges for general services, £3,879,506, which is exclusive of the vote of £30,000 for the Treasurer's Advance Account—a sum that does not ultimately form a charge on the Consolidated Revenue Fund—special appropriations, £797,000; and sums provided by Constitution and Colonial Acts, £47,133. It will, I am sure, not be required of me to point out each item in the proposed expenditure upon which substantial increases or decreases have taken place as compared with last year. The Estimates placed in the hands of honorable Members will at once give this information; but I may perhaps be pardoned for trespassing upon the time of the Committee in referring more specifically to the vote for immigration and one or two others. In the Estimates of Expenditure the Government have included £75,000 for the purposes of immigration —a sum which they deem sufficient, considering that a small portion of the year will have elapsed before it can be legally available for disbursement, and that it is about the amount actually expended for 1877. We are of opinion that a judicious and continued stream of immigration is highly desirable in the interests of the Colony; each individual added to our population representing a consumer and taxpayer, and in many cases a producer also. It is not our object or desire to bring labour to the Colony to compete with that already here, but the experience of the past year or two affords abundant evidence that a steady flow of judiciously selected labour may be imperceptibly and advantageously absorbed into and blended with our population. It has been the care of the Government to inform themselves of the trades which are full-handed, and to instruct the Agent General by telegraph not to assist members of such trades to emigrate. My colleagues, as well as myself, are impressed with the folly of bringing to these shores any class of persons who it is obvious could not, without the greatest difficulty, if at all, find occupation upon arrival; but at the same time we feel convinced that there is ample room and opportunity within our boundaries for the employment and advancement of numbers of willing and industrious people, who by thrift and perseverance may make homes and competences for themselves and kindred, and contribute to the making of a happy and thriving nation. We feel confident therefore that the Committee being informed that all previous votes have been exhausted will cheerfully grant the sum now asked for this special service. With regard to Public Instruction, for which provision is sought to the extent of £320,000, being £40,000 in excess of the sum appropriated for 1877, I am sure it needs no effort from me to recommend the proposal to the unanimous approval of Parliament. All persons seem agreed upon making adequate, nay liberal provision for this important feature in our internal polity; and I am certain therefore that this Assembly will, like its predecessors, willingly accord a generous support to the Public School system, and give its cordial approval to our proposal. In view of the general and long sustained demand, almost universally acquiesced in, for legislation to provide (amongst other things) for increased endowments to municipalities, and an increased revenue for the Corporation of the City of Sydney, and the probability of no such measure passing into our Statute Book before the year is well advanced, the Government have decided to make provision for temporary assistance as well to all municipalities in the country as to the Corporation of the metropolis, and will therefore ask the House to grant 10s. for every pound received by the former for rates during the municipal year ending

the 4th February, 1878, and by the latter during the year ending 31st December, 1877. The sum required for this purpose is estimated at £56,500. With these special references to items of expenditure I shall now take up the estimated revenue for the year, which is £4,873,750, being less than the actual revenue of 1877 by £878,129, the difference being substantially accounted for by our making the estimated receipts for 1878 from auction sales nearly a million pounds less than the actual receipts for 1877. As already intimated by my honorable colleague, the Premier, the Government have determined to take up the question of amending the Land Laws, and after having laid their proposed Bill upon the table this session, to deal with it during the next, and therefore, in considering the financial position and prospects of the country for the present year, I take the law as it exists. We calculate that auction sales will realize £1,000,000, which includes £250,000 of balances due on auction purchases made in 1877; improved purchases, &c., £200,000; selections after auction, £160,000; deposits on conditional purchases, £425,000; instalment on conditional purchases, £10,000; balances on conditional purchases, £60,000; thus aggregating for the year under land sales £1,855,000. It will thus be seen that the sum calculated to be realised in the present year from auction sales is £1,000,000, of which £250,000 represents balances due on auction purchases made in the last quarter of 1877, leaving £750,000 to be raised from actual sales during 1878. But as it is the purpose of the Government not to fix a uniform upset price of £1 per acre upon land disposed of by auction, but to raise the price according to the quality of the land put up and the demand for it, this £750,000 does not necessarily represent 750,000 acres; for as the average upset price increases, the total area sold to yield a given sum will decrease in corresponding ratio; thus, if the average price be 30s. an acre, the area disposed of to produce £750,000 will be 500,000 acres, and if 40s., the area will be 375,000. In thus managing the auction sales, the object of the Government will be to get for the State the full value of the land parted with, and to prevent it passing in wholesale quantities into the hands of single purchasers, without an accompanying settlement corresponding to the acreage and nature of the land alienated. Under "Annual Land Revenue" we anticipate receiving for interest upon land conditionally purchased, £155,000; for pastoral occupation, £237,450; for mining occupation, £13,000; for miscellaneous land receipts, £28,500; making a total of £433,950. Honorable members will observe that the amount of interest on land conditionally purchased calculated to be received this year is £155,000, being little more than £28,000 in excess of the actual revenue from this source last year. I would here point out that it is practically impossible to make an exact calculation of the interest that will be paid in any given year, in consequence of the number of conditional purchases that lapse or are from time to time forfeited or cancelled or upon which the balances may be paid; it can at best be but an approximation based upon departmental data, but I have every reason to believe that the estimate will be realized. The yield from "Customs" this year, inclusive of the "Murray River Customs," is estimated at £1,094,700, or £20,000 beyond the actual receipts for 1877. Honorable members will observe that I have calculated the "Murray River Customs" revenue at £80,000, as against £82,000 received last year and £120,000 received in 1876. This large difference between the actual receipts for 1876 and 1877, which has guided me in fixing my estimate for the current year, and on the surface would indicate a considerable decrease in our Murray River or south and south-western border trade, calls for explanation, which will show that it is the result merely of the diverting of the collections from one point of our Colony to another. In order to make this perfectly clear it must be remembered that the bonds which have hitherto been regarded by the Customs Department as the "Murray River" bonds are those at Moama, Albury, Corowa, Wentworth, Euston, Swan Hill, Tocumwall, and Howlong; and the receipts from these, added to the commutation paid by South Australia under the Convention with New South Wales, have been classed as "Murray

River Customs" receipts. During the years 1876 and 1877 the collections from these different places have been as follows:—

		£	s.	d.		£	s.	d.	
Moama	in 1876	54,012	5	11	as against	23,198	16	5	in 1877
Albury	„	32,740	5	7	„	31,650	13	7	„
Corowa	„	11,556	13	7	„	10,225	18	9	„
Wentworth	„	13,017	15	11	„	5,112	7	3	„
Euston	„	1,145	19	4	„	1,091	4	5	„
Swan Hill	„	480	17	5	„	491	13	1	„
Tocumwall	„	1,336	8	0	„	638	9	1	„
Howlong	„	1,364	10	2	„	1,143	13	2	„
South Australia (cash payments)	„	4,406	11	4	„	8,489	11	2	„
Total		£120,061	7	3		£82,042	6	11	

This shows a falling off in 1877 as compared with 1876, at Moama, of £31,000, and at Wentworth of £8,000, these being the only places to which by reason of the great decrease in receipts I need refer, although there have been slight decreases at all the other Bonds except Swan Hill, where there was a nominal increase. Towards the latter end of 1876—the year, it will be seen, in which Murray River Customs gave us £120,000—bonds were established at Deniliquin, Hay, and Wilcannia, which not being classified as Murray River Bonds, the collections at these places have been included in the general and not in the Murray River Customs' receipts. Deniliquin, for the four months of 1876 that the Bond was open gave us £4,642; Wilcannia, for four and a half months, £1,833; and Hay, for one month, £391. But coming to 1877, we find that these bonds contributed to the revenue £24,319, £5,667, and £7,573 respectively, making a total of £37,559. With respect to the cash payments just shown to have been made by South Australia in 1876 and 1877, it is essential to observe that they were made direct to us by the Government of that Colony, and represent a portion only of the whole sum payable by that to this Government, under the Conventions in existence in those years. Under these Conventions, all duties collected on importations from South Australia by New South Wales, at the bonded warehouses on the Murray or its tributaries coming within the Treaties, were to be accounted for by New South Wales, or in other words were to be regarded as payments on account of the Treaty commutation. It is the difference between such collections and the total sum payable by South Australia under agreement, which is represented (wholly or partly, as the case may be) by these cash payments. These collections, which embrace the amounts received at the Wentworth, Wilcannia, Hay, and Bourke Bonds, being those covered by the Convention, though credited to South Australia in our account with her, have been treated in the Treasury books as ordinary Customs receipts. The £4,406 paid in 1876 represents the whole difference between the collections by New South Wales on behalf of South Australia and the entire sum payable under the Convention by South Australia to New South Wales for the 1876 Treaty year. The £8,489 paid in 1877 is only portion of the difference for that year, there having been a balance of over £11,000 due by South Australia on 31st December last, under the Convention for 1877. Seeing then the geographical positions of the townships to which I have thus pointedly drawn attention, and connecting them with the concurrent decreases and increases of duty collections just detailed, it is patent that there has been no actual decrease in the amount of the Murray River Customs generally, but that the collections have merely drifted from some of the old to other and more convenient points. For the purpose of demonstrating more succinctly the conclusion at which I have thus arrived, I will state the figures in form of account:—In 1876 the Customs Collections at the Murray River Bonds as defined were £120,061. *Add* to this—The amount collected at Deniliquin (4 months, £4,642; the amount collected at Hay (1 month) £392; the amount collected at Wilcannia (4½ months) £1,833, together £6,867; thus making a total of £126,928. In 1877 the Customs Collections at Murray River Bonds as defined

were £82,042. *Add* to this—The amount collected at Deniliquin, £24,319; the amount collected at Hay, £7,573; the amount collected at Wilcannia, £5,667, together £37,559; thereby bringing the amount up to £119,601. And if we add to this latter sum the £11,367 (portion of which has since been paid) due by South Australia on the 31st December last under the Convention, we will have £130,969 for 1877, as against £126,928 for 1876. I hope I have now made it apparent, at least so far as this collation of figures can do so, that our trade in the direction referred to has not declined. The result of this explanation is to prove that the general customs receipts for the year have been increased by the collections at certain inland bonds at the cost of reducing the Murray River Customs receipts under the old classification of stations, without the trade connected with the one in any degree affecting the trade connected with the other. Having in the course of my investigation into this matter discovered that some confusion in the accounts had arisen since the establishment of additional bonds in the interior, I have issued such instructions as will I think show in future the Customs collections in a clearer and more intelligible shape. I have deemed it my duty to enter thus lengthily into an examination of this subject, because of the general interest which has been manifested regarding it. Our income from "Receipts for services rendered" is estimated at £1,203,400, as against £1,119,359 for 1877; and on reference to the Ways and Means it will be seen that the receipts from railways are estimated at £875,000 being £75,000 in excess of the sum actually received for 1877, which in turn was £55,000 more than the estimated receipts for that year. At the close of 1877 we had open for traffic 597½ miles of railway, which cost £8,850,000, the net earnings being approximately calculated at £402,900, or £4 11s. per cent. upon the capital invested; but as there were several extensions opened when the year was more or less advanced, on one of which traffic was carried for two months only, we may conclude that had there been a full year's net earnings of these extensions to set off against their cost, which is included in the £8,850,000, the net return upon the entire expenditure would have been somewhat larger. There are now under construction the following lines:—Orange to Wellington, 85 miles; Cootamundra to Wagga Wagga, 51½ miles; through Wagga Wagga, 4½ miles; Wagga Wagga to Albury, 77 miles; Quirindi to Tamworth, 38 miles; Weriss Creek to Gunnedah, 41 miles: making in all 297 miles; and we anticipate that the extension from Quirindi to Tamworth will be completed in August next, and that from Cootamundra to Wagga Wagga in September next. The extension of railways into the interior, resulting as it does in a corresponding growth in their earnings, must be highly gratifying. Considering the destructive drought which for some time past has been asserting itself with serious effects upon those great interests of the Colony to which the railway must look for support, we have in the large actual return for 1877 an all sufficient demonstration of the greatness of the inherent resources of the country, and their wonderful elasticity and power of expansion, as well as an ample warrant for expecting the full realization of our estimate of railway revenue for the current year. The opening of the line to the south as far as Cootamundra has already had the effect of bringing to Sydney a large number of wool clips which had not previously found their way thither, and of making this the buying market for customers whose purchases had been previously made elsewhere. In these facts we have further foundation for the long-entertained belief that the nearer we approach the southern boundary of our Colony, the greater will be our carrying and general trade in that direction, and the sooner will we witness the fulfilment of the prediction that, by the construction of the line to Albury (for which my honorable colleague the Minister for Works has recently accepted tenders), we will secure for ourselves the greater part of the large and important trade of Riverina, which has been heretofore enjoyed by Victoria. The completion of the line to the west as far as Orange has had a most beneficial effect in developing the trade in that direction and in giving producers in that rich and fertile district a market for their produce in Sydney, of which they could

not previously, so easily, or to so great an extent, if at all, avail themselves. Apart from the broad national policy which calls for the opening up of the interior by the construction of railways, we have the fullest encouragement given to us to proceed rapidly with their extension, in the knowledge that already they are producing a net return almost equal to the percentage of interest payable on the loans raised for their construction. This, in a community of about 650,000 persons, scattered over an extensive area of country, is a result of the most gratifying character. In this young Colony the rapid extension of railways is of great importance; primarily because they promote settlement upon the lands of the interior, and give an impetus to the efforts of the producer, who is brought thereby into speedy and easy communication with the great central market of the metropolis and the other markets of the large towns of the interior; and secondly, because, as it fortunately happens, they are a great revenue-producing machinery, producing revenue in perhaps that most acceptable of all forms, compensation for valuable and important services rendered, the benefit of which is not limited to the individual for whom they are directly performed but is spread indirectly and unseen far and wide throughout the length and breadth of the land; and thirdly, because they impart a higher value to that splendid territorial heritage of which we are the temporary guardians. I may here, in passing, express my regret, which is I am sure only the echo of the general feeling both within and without the walls of this Chamber, that the Great Northern Line, which is now yielding a net return of 5½ per cent. upon the capital invested in it, should not have reached beyond Quirindi—one extension only of 25 miles having been opened during the past six years; but I may venture to assure the Committee that under the administration of my honorable friend and colleague, the Member for Paddington, a little more vigour will be infused into the operations of the contractor, and that the whistle of the iron horse will ere long be heard in Tamworth. The recent changes made by the present Government in the management of our railway system, which is assuming such enormous proportions, will, it is hoped and we ourselves believe, have the effect of remedying many if not all of the grievances in connection with the traffic which have of late been so much and so loudly complained of. From "General Miscellaneous Receipts" we expect to derive £128,700, but from this grouping there disappear this year "Tolls and Ferries," which last year produced £18,552. This is consequent upon the resolution of the late Assembly abolishing all tolls on roads, bridges, and ferries. I have also excluded from the Estimates of revenue the item of stamp duty, as it is too problematical whether any, and if so what, payments will be made to warrant me in inserting any amount in the Estimates of Ways and Means. It does not follow from this omission that the Government is renouncing any of its rights in respect of arrears of stamp duty; all that is done is simply to abstain from taking them into account in making our financial calculations for the year, pending the Government obtaining the necessary authority to enforce such payments as were due when the Stamp Act lapsed. Having now specially dilated as fully as I purpose upon the Estimated Revenue for 1878, I shall recur once more to the proceeds of "Land Sales" by auction or otherwise (which are not revenue strictly speaking, but the State capital converted from its original form), and to the expenditure these proceeds should provide for; and for the purpose of determining what are "Proceeds of Land Sales," I will adopt substantially the test and subdivision of my honorable friend the member for East Sydney, Mr. Stuart, viz.:—1. Sales for cash, in which the operation is at once completed. 2. Sales for a cash deposit, with limited or unlimited credit for the remainder, but subject to the annual payment of interest, whether alone, as under the Land Act of 1861, or amalgamated with the principal, as under the Lands Acts Amendment Act of 1875. Various opinions exist as to what expenditure is fairly chargeable against the proceeds of land sales as above defined. I think that any expenditure upon any permanent public work, whether or not reproductive, upon any work which tends to improve

or render more valuable the public estate, and encourages and facilitates the introduction and settlement of population upon it, is fairly chargeable against them. The employment of portion of the capital in these ways enhances the value of the capital remaining, so that whilst upon the one hand we may be diminishing the "quantum" of that capital, on the other, so long as the intrinsic value of the lessened quantity remains equal to if not greater than the original larger quantity, no loss can be sustained. It is the population of a country that makes it great, prosperous, and wealthy, for without population there would be no produce obtained from the land—the origin of all wealth; there would be no local consumers, and no enterprise to give value to that produce, even when yielded, by introducing it into foreign countries and creating and stimulating an external demand for it; in effect, the land would be comparatively if not absolutely valueless. But with that population in existence, every facility should be afforded to reach the markets for the produce it may raise; and to achieve this object, expenditure in the construction and repair of our public highways, whether these be the ordinary roads or the railways, or the bridges necessary to make them traversable, may, in my opinion, be legitimately made from this source. I further think that money expended upon our other permanent public works and upon our public buildings (which are too voluminous in character to be detailed), upon immigration, and upon public instruction, at least so far as the Parliamentary vote includes the cost of sites and school buildings, may be justifiably taken from this fund. Over and above these, a large proportion of the departmental expenses of the Lands Offices being rendered indispensable in consequence of the largely increased staff required to manage and administer the national estate by reason of these sales is, in my opinion, properly provided for from their proceeds. Any items which would not come strictly within the principles I have thus laid down, but which have been usually made the subject of loan votes, it will be readily conceded, may also be chargeable against these proceeds; and that the public debt may be paid off with them I do not think any person will venture to dispute. There is no necessity for me to enter upon a justification of the past expenditure of this special income; that has already been done with more or less completeness by ministers who have preceded me, but I deem it my duty not to avoid showing specifically how I propose justifying the absorption of such portion of the estimated proceeds of land sales for the current year as may be required for the services of the year:—The estimated expenditure for the general services of the year is £4,723,689; the estimated revenue exclusive of land sales, £3,018,750; thus leaving to be provided for by proceeds of land sales £1,704,939; against which I think I can fairly and justly set off the following items included in the general services:—1. Public works and buildings, excluding £33,950 for annual repairs, £221,192; 2. Roads and bridges, £512,771; 3. Miscellaneous railway construction and building services, £125,000; 4. Construction of telegraphs, £58,800; 5. Harbours and rivers improvements, £98,408; 6. Immigration, £75,000; 7. Public instruction—purchase of sites and erection of school buildings, £125,000; 8. Departmental expenses of Lands Office (in part), £255,000; 9. Endowments and assistance to municipalities, £86,500; 10. Aid of buildings of Schools of Arts, and hospitals, and Agricultural Societies, £22,000; 11. Portion of the million railway loan of 1866 to be paid off this year, £27,000; 12. Refund of land revenue, £100,000; which together make a total of £1,707,671. An amount embracing items which I trust the Committee will agree with me in considering fair and legitimate charges against the proceeds of land sales; but over and above this absorption of so much of the land fund there will remain an estimated surplus of £150,000. But apart from our own economic views as to the proper or improper application of this special branch of our income, it may not be uninteresting to inquire what the public creditor who is deeply concerned in the management of our affairs thinks of our administration in this regard. I think it may be reasonably presumed that they in England, who have lent money to the extent of millions of pounds to this distant part of the Empire

make themselves acquainted with its internal condition and management, or, at any rate, take care to inform themselves of its sources of revenue or income, out of which either the annual interest upon, or the corpus of the national liability is to be defrayed. If this be so—and it is by no means a violent presumption—I think we may flatter ourselves, considering the high price of our debentures in London, that the English investors, whose great central market is the crucial test of a nation's credit, entertain little if any doubt of the soundness of our administration, or of the wisdom of the course we have been pursuing in alienating our lands and applying the proceeds of their sale as we have done. Leaving now this feature in our finances, I would take up another to which much attention has been and is still naturally directed, viz., the large surplus which, representing sales of land, has accumulated during the past four or five years, and which at the end of December last was estimated to amount to £2,317,343. The possession of so large a surplus at the credit of the Consolidated Revenue Fund, and unappropriated by, but at the command of Parliament, I regard under the circumstances of the Colony, as neither an unmixed good nor an unmixed evil; for it is prone to produce a laxity in the control of the public expenditure, and tends to weaken that rigid economy which is exercised by a wise governing body in voting supplies, when all the ways and means necessary to cover them are derived from revenue cotemporaneously raised. Let us see however if any and what beneficial use has been made of the public moneys which from time to time were not required for the current needs of Government. It will be remembered that my honorable friend the member for East Sydney, Mr. Stuart, when Minister of Finance and Trade, deeming it desirable to terminate the then existing arrangements for the conduct of the public banking business, entered into negotiations with the bank of New South Wales for the future management of the public account, and subsequently, in May, 1876, submitted to Parliament his draft proposals, which, after amendment by the Assembly, were accepted by the bank as the basis of its relations with the Government of this colony. By that agreement, which was entered into for three years (but is terminable upon notice by the bank or after resolution by the Assembly and notice by the treasurer therein stipulated for), the Government is empowered and authorized to place any portion of the public moneys, when the balance to the credit of the general banking account exceeds £350,000, on special deposit with the bank of New South Wales and other banks in Sydney, at a rate of interest not exceeding 4 per cent. per annum; and acting upon this authority, my predecessors have made special deposits with nine of the banks, including the bank of New South Wales, to the aggregate amount of £1,925,000; but in addition to this we received under that agreement interest at the rate of 3 per cent. upon the daily credit balance of the general banking account in excess of the sum of £50,000, which is free from interest. The interest accrued under our banking arrangements during the years 1873 to 1877 is as follows:—1873, £11,432; 1874, £25,613; 1875, £38,269; 1876, £52,629; 1877, £89,130; making a total of £217,073, which I admit has not been altogether derived from our accumulated surplus, as the public moneys deposited with the banks included Trust and Loan Funds. This amount of interest having been applied towards meeting the annual expenditure of those years, assisted the taxpayers of the country to that extent to meet the current expenses of Government; and this use of it I consider perfectly justifiable and defensible, it being a recurring annual profit made out of that fund which, in part, represents the capital of the country, and in no sense or in the slightest degree does it affect or reduce that capital. Passing temporarily from that governmental action which affirmatively assisted the people of the country to meet the public demands, let us inquire what course was taken to utilize these moneys and avoid the imposition of further liability upon the people. The late member for Newcastle, Mr. Lloyd, when at the treasury, initiated the wise practice in 1873—continued by his successors as opportunity offered—of making advances from the consolidated revenue surplus, on account of the different funds established by the Loan Acts passed since then, authorizing the borrowing of

moneys for the prosecution of the various public works therein provided for. It must be patent to every one with the slightest knowledge of these matters that, in seeking a loan in the great money markets of the world, it would be necessary, as well for the national credit as for securing the most advantageous terms, that the loan should be floated in large amounts, and necessarily at a comparatively long period prior to that when the money would be actually required for disbursement. It would certainly have been impossible to have advantageously procured these moneys by loan in such small sums or at such opportune times as those when the whole of these various advances took place; and hence it is clear that a large saving has been effected by these operations. But to place something more definite before the committee, let us compare what the position of the colony would have been, as regards the interest upon loans, in the absence of this surplus, and the position she has been in with it. It is obvious that in the former case we would have been compelled to borrow at least the £1,600,000 advanced to the Loan Acts; and by a statement which I have had prepared, showing these various advances, with interest at 4 per cent. per annum calculated upon them from their respective dates down to December 31st, 1877, I find that the interest amounts to £94,895, and that is the sum which the country would have had to pay in the shape of interest had the moneys been borrowed at a like rate on the days when, and in the amounts in which these advances were severally made. But being in possession of the surplus, the country has not had to pay this £94,895. If, therefore we add this sum to the £217,073 of actually earned interest already alluded to, we have a total definite money gain to the State of £311,968, which, however, would have been subject to reduction to the extent of any small increment of interest arising out of the temporary banking of borrowed moneys under the present Bank agreement, since that increment might have been applied to part payment of the interest due on those moneys, and thus have reduced "*pro tanto*" the amount of interest to be provided for from other sources. Let us proceed now to other considerations showing advantages springing out of our "*embarras de richesses.*" We cannot forget and pass by as trivial the beneficial effect upon our credit in the great investing markets produced by our abstention from borrowing whilst still carrying on our great public works; indeed this is practically shown by the unprecedentedly high prices our securities command in the mother country. Our credit has become strengthened, our reputation for wealth heightened, and our importance in the family of colonies, if not of nations, advanced in a degree that may well make us proud and gratified as a people, scarcely emerged from the infant stages of national growth and advancement. Peering a little into the future, we may reasonably assure ourselves that whenever the time arrives for our having recourse to borrowing, to reimburse our Consolidated Revenue Fund the sums advanced for the completion of our railways (if our bonds maintain the high standard they have now reached—an anticipation we are justified in relying upon—) we shall not seek to pledge our credit for some speculative or uncertain undertaking; but we shall ask to be entrusted with money to pay wholly or partially, as the case may be, for the construction of a completed reproductive work, yielding a net profit almost equal to, if not exceeding, the rate of interest payable on the loan we may be seeking. This is a position of stability to be envied indeed, a position but rarely if ever attained by any colony or nation, and one which, from a financial point of view alone, may in all justice entitle us to the designation of the "Mother of the Australias." And let it be observed that the surplus, or in other words, the proceeds of these land sales, whilst employed with incalculable advantage in these directions, are also at the same time assisting in opening up and improving our great national territory. Adverting again to the large special deposits made with the Sydney Banks, I should like to make reference to, and comment upon, the observations that have been made from time to time, questioning the soundness of the policy that sanctioned these transactions. As to whether it was wise to part with such enormous areas of the public domain, as resulted in the realization of the princely

surplus from which these deposits were partially and to the greatest extent made, I have now nothing to do, but will confine my remarks to the position of a Government which finds itself the trustee of an immense sum of money not needed for the current Governmental outlay. I am convinced in my own mind that the distribution of this large sum of £1,925,000 under these circumstances amongst the banking institutions of the city was wise and prudent; and to draw a parallel which is certainly strong, though it may not be thought quite complete, was exactly what a private individual, careful of his own interest and welfare, would have made with his own moneys, and surely a multiplicity of debtors with a division of risk is preferable to their unification. But some persons have raised the objection that the money having been deposited in the Banks was lent by them to the pastoral tenants of the Crown to enable them to purchase and monopolize large areas of the public estate. Well, assuming, for the sake of argument, that the money was so lent, I take it that it would have been impossible for the Government, in placing this cash on deposit at interest, to impose upon the receiving Banks any conditions as to their use of it. Having reliance on the institutions in which the money was placed, and being satisfied as to their stability, the duty of the Government, so far as the Banks were concerned, was in my judgment completed. To have prohibited any particular use of the deposits by the Banks would in all probability have resulted in their refusal to accept them, and the Government Bank—the Bank of New South Wales—would have had in that case exclusive charge of these enormous sums. Without for one single moment reflecting upon the soundness and thorough reliability of this institution, I think few persons, if any, will say that it would have been more discreet or better in the general interests of the public to have confined the disposal of the Government funds to it alone; and it certainly strikes me that to have kept this immense sum in the Treasury, or to have insisted upon its being kept unemployed in the Bank's strong room, at the Treasurer's call, which would have been tantamount to the withdrawal of so much capital from circulation, would have been an act of folly of which no Treasurer at least would care of his own motion to take the responsibility. The injurious effect of such an arrangement upon the commercial and monetary interests of the country, I am sure, could not be foretold. And yet it appears to me that this was the only alternative course open; pending however the future permanent appropriation by Parliament of the surplus we are making advantageous use of it, by allowing it to fructify in the manner described. Although the sum of £1,600,000 has been advanced from this surplus to Loan accounts, and the greater part spent on railway construction, I do not propose asking Parliament to interfere with the Acts authorizing the loans to which the advances have been made; thinking it better to allow matters in this respect to remain *in statu quo*, so that the Acts may be put into operation when the necessity arises. A very important matter in connection with our finances is the consolidation of out public debt, and making our securities uniform; and the Government propose giving their earnest consideration as early as practicable to a scheme for effecting these objects, which may not alone prove of substantial pecuniary advantage, but would in all probability improve our position as a borrowing community. As to the "Loans Accounts," I deem it unnecessary to do more than refer honorable members to the statements accompanying the Ways and Means and explanatory statements for information concerning them. I have now, Mr. Garrett, approached the conclusion of the important duty imposed upon me by my official position, having striven to place clearly before the Committee the exact financial status and prospects of the Country, and I tender them my warmest thanks for having so patiently borne with me. The disastrous drought which still lingers in our midst and fills the mind with anxiety has converted large areas of our finest pasture lands into barren wastes and decimated our flocks and herds in untold numbers; but I trust that the "windows of heaven" may soon be opened, and the parched earth be once more blessed with an abundance of genial rain, so that her now sterile surface may be

again enriched with the grasses, and her dried-up rivers and brooks be filled with the waters which give sustenance and life to the stock now tortured with the agonies of thirst and starvation; and painfully sensible as we may be, and no doubt are, of the seriousness of this visitation, we should not despair of the future, for a retrospect of the past must generate hope and courage. We have a territory happily blessed with a variety of resources unsurpassed if not unequalled by those of any other country. Our progress has been such as to excite the wonder and admiration of all nations who obtain a true and impartial knowledge of our affairs; and with this enlightenment diffused amongst them, from picturing us as a small and insignificant community, they begin to regard us as an enterprising, advancing, and important Colony. Living under the powerful sceptre of a Sovereign whose imperial splendour radiates towards and shines upon us, we at the same time, by the position we are assuming as the chief of the Australian group, contribute our small share of lustre and importance to the British throne. Connected with the great centres of civilization by an electric belt, which was erewhile looked upon by us as the hopeless realization of a wild and chaotic dream, we now esteem its possession as a necessity. Fleets of magnificent steamers now vie with each other in their efforts to secure our trade, and are converting the once uncertain and protracted voyage between here and Europe into a pleasure excursion, the length of which can be reckoned to a nicety. The merchants of all parts of the world are competing for New South Wales commerce, which has, with giant strides, at length reached almost incredible dimensions. Our sheep, horses, and cattle, reduced as they have been by famine, are still numbered by millions, and in quality of breeding take their place with the finest strains in Europe. Our wool has become a most important staple in the great manufactories of the globe. We possess a soil which "if you tickle it with a hoe it laughs with a harvest." The mineral wealth we obtain from the earth, from its variety and richness, seems to vie in splendour with the star fretted heavens that o'er-canopy us. It has influenced, and still influences, in no inconsiderable degree, the money and metal markets of the world. We have called science to our aid, and have cheerfully expended millions of pounds in piercing with the locomotive engine the mountain ranges, which with their heavy frown seemed to effectually defy the encroachments of man, and to forbid communication between the coast —the first scene of settlement in the Country—and the almost illimitable territory now covered with our flocks and herds. And these are our advantages, and the momentous interests with which we have to deal, whilst yet in the earliest stages of national existence. Determined sincerely to devote ourselves to the public business of the State, our earnestness should be coordinate with our responsibilities. With a high and patriotic sense of duty pervading the Parliament, and with wisdom and prudence guiding its counsels, our young Colony so beneficently favoured by a benign Providence must become great, and its people gradually mature into a contented, prosperous, and influential Nation.

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the Honorable HENRY EMANUEL COHEN, made 6th November, 1878.

LEGISLATIVE ASSEMBLY.

6th November, 1878.

FINANCIAL STATEMENT.

MR. CAMERON: In rising to move, which I now do, "That there be granted to Her Majesty, out of the Consolidated Revenue Fund, the sum of £9 for Fitzroy Dock — Contingencies, 1875 — Further sum," I have to ask for the kind forbearance of the Committee, whilst I endeavour to place before them the present and prospective financial position of the Country. In January last, when I had the honor of making my first Financial Speech, the Colony was unfortunately suffering from a severe and long unbroken drought, the effects of which were then keenly felt and are not even yet quite exhausted; but happily since that time the country generally has been blessed with rains which, under a beneficent Providence, have checked the continuance of a great calamity, and greatly restored confidence to all classes of the community. It is to be hoped, now that a series of propitious seasons has set in, that the serious losses incurred during the last three years may be speedily retrieved, and the country be favoured once again with long-continued unchecked prosperity. I may here premise, that in pursuance of the course I think most convenient, I shall when stating money results or calculations give the round sum in pounds, excluding all mention of shillings and pence, referring honorable members for more precise information to the Explanatory Statement and the Accounts which will be placed in their hands during the evening. This will allow of a sufficiently accurate treatment of the accounts, so far as my personal utterances are concerned, without unnecessarily overburdening them with figures, or rendering me more tedious to the Committee than I am afraid I perforce must be, even with the adoption of this rule as a relief. Accounts were submitted with the last Ways and Means showing the revenue and expenditure for the years 1876 and 1877 respectively and the probable revenue and expenditure of the year 1878. As the account for 1876 has since been closed no necessity now exists for again submitting it, the more especially as the final result differs but little from that previously shown. In the last account submitted for that year the accumulated surplus at the end of 1876 was estimated to amount to £2,096,322, but on closing the account finally the actual surplus was found to be £2,112,199, a sum only £15,877 in excess of that previously stated. This excess arises entirely from the unused appropriations of 1876 having turned out more than was estimated in January last. The present Ways and Means contain the following accounts relating to the Consolidated Revenue Fund, viz.: An account of revenue and expenditure for 1877, marked No. 1; an account of actual and estimated revenue and expenditure for 1878, marked No. 2; an account showing the proposed expenditure in relation to the estimated Income for the year 1879, marked No. 3. In order to show clearly wherein the two first-mentioned accounts differ from those

formerly submitted it will be necessary to refer to them separately and somewhat in detail. The first of these is the Account for 1877, from which it will be seen that the accumulated surplus at the close of 1877 is now estimated to amount to £2,331,610, whereas in the account formerly submitted it was estimated at £2,317,343, thereby showing a small increase of £14,267, which is accounted for in the following manner: to the larger surplus brought from the account of 1876, as already explained, viz., £15,877 has to be added an increase on the amount of appropriations for Services of 1877 estimated as not likely to be required, viz., from £310,000 to £360,000, equal to a further credit of £50,000, which gives a gross additional credit of £65,877; from this, however, have to be deducted the following additional charges, since found necessary, viz., Debentures paid off, further sum £500; charges on collections, further sum, £3,192; Pensions under the Superannuation Act Repeal Act, further sum £1,049; amount of Supplementary Appropriations during the last Session of Parliament in excess of the amount charged in the last account submitted, £28,476; amount of the further Supplementary Estimate for 1877 and previous years, now before the Assembly, £18,673. Total, £51,890—*Less* premium on Debentures since transferred from the 1877 to the 1876 account, to which it more properly belongs £280, in all £51,610, leaving the difference just stated, viz., £14,267. The new clause inserted in the "Appropriation Act for 1877," giving a currency of two years to all the Parliamentary appropriations for that year, renders it impossible to state at the present time, with absolute accuracy, the probable savings which will finally accrue thereon. Although the votes and balances of votes for that year remaining unexpended on the 30th September last (the latest date up to which they could readily be ascertained) amount to the large sum of £1,030,053, it has not been deemed advisable to estimate these savings at this time at more than £300,000 (exclusive of the Treasurer's advance vote of £60,000), which is only £50,000 in excess of the estimate last made. It is however anticipated that at the close of the year, when all the unexpended appropriations must be written off, except those in connection with which contracts exist, the savings will be found to amount to a sum considerably larger than that now estimated. With this brief reference to the account for 1877, I will now refer to that for 1878, which is necessarily composed of both actual and estimated revenue and expenditure, as three months of the year had to run from the time embraced by the accounts now placed before the Committee. In the account submitted with the Ways and Means of January last it was estimated that the accumulated surplus would amount to £2,467,404. In the present account it is only estimated at £2,306,526; thus showing a decrease of £160,878, which is the result of certain necessary alterations in the account since the last Financial Statement was made. These alterations are as follows: 1. Additional charges—Under the Additional Estimate submitted after the Financial Statement was made, appropriations were sanctioned for the services of 1878, in excess of the amount charged in the last account submitted for this year, to the extent of £144,610; special appropriations, as per account now submitted, further sum, £103,100; amount of the Supplementary Estimates, for 1878, now before the Assembly, £218,819; total additional charges, £466,529. 2. Additional credits:—Increase in surplus from the year 1877, as already explained, £14,267; revenue as now estimated for 1878 in excess of former estimate, £41,384; amount of estimated savings on appropriations for 1878 (exclusive of the Treasurer's advance vote of £30,000 taken credit for in last account), £250,000; total additional credits, £305,651. Deducting the additional credits from the additional charges, there is left a debit balance of £160,878, which is the amount of the reduced surplus for 1878, as already stated. The accounts for 1878 as now submitted include the actual revenue receipts up to September the 30th, and the estimated receipts for the remainder of the year; and having carefully examined the figures comprised in the accounts, I have reason to believe that actual results will justify them. It will be observed that I now calculate the total revenue for the year 1878 as £4,915,134, as against my original

estimate of January last of £4,873,750, being an increase of £41,384. If honorable Members refer to table A, page 17 of the Ways and Means, they will see the main sources, from which there has been or is likely to be, any material increase upon the yield of 1877, and on comparing it with the like table included in the Ways and Means of January last, they will see how far my original Estimates for the year vary from those now circulated. Taking "Customs" as a whole, the actual receipts for 1877 were £1,074,733. My original estimate for the current year was £1,094,700, but the collections up to September the 30th totalled £860,007, and the sum I anticipate receiving under this heading for the remaining three months of the year is £302,820, thus aggregating £1,162,827, or £88,094 more than the revenue for 1877, and £68,127 more than my original estimate of Customs receipts for this year. The articles which chiefly yield this increase, in the partly received and partly estimated Customs revenue of 1878, over the actual revenue for 1877, are spirits, which will, it is believed, contribute £43,250; tobacco and cigars, £8,500; sugar and molasses, £14,560; and cash payments by the Government of South Australia, £19,300. This evidence of the expansiveness of our trade, and the growing resources of the Colony cannot fail to be satisfactory. In January last, when dealing in my Financial Statement with the Customs Revenue, I dwelt at some length upon the Murray River Customs receipts, and succeeded, I think, in demonstrating that these receipts as a distinct classification or sub-classification of revenue, with the then existing system of keeping the accounts in the Customs Department, were somewhat misleading, in consequence of the diversion of our Border trade, since the first adoption of the "Murray River Customs" as a separate and independent head of income. I then intimated to the Committee that instructions had been issued by me to alter the mode of keeping these accounts, under which change I believe they will be found more intelligible and satisfactory. I would here remark that from the Ways and Means as *now* laid before honorable members, I have eliminated "Murray River Customs' receipts as a distinct item of income, having included the amount of duty under each article imported into the Colony across the Murray or the Borders, in the total amount stated in the General Customs Estimate to have been, received or expected to be, received for the same article. The cash paid direct by the Government of South Australia to this Colony under the existing Border Duties Convention must still specifically appear in the accounts as a cash payment, since it is obviously impossible to make any distribution of it. The accounts, however, are now so kept that the duty collections upon goods imported into New South Wales across the Border from any of the neighbouring Colonies can be easily ascertained, and the extent of our intercolonial inland trade with any one or more of them be gauged accordingly. As, however, the Committee may desire to be informed of the state of our commerce across the Murray and its tributaries, I may mention that from January the 1st to September the 30th of this year, the duties collected at the Murray River stations and inland bonding warehouses, which embrace those situated at Albury, Howlong, Corowa, Tocumwal, Moama, Swan Hill, Euston, Wagga Wagga, Brewarrina, Deniliquin, Hay, Wentworth, Wilcannia, and Bourke, amounted to £94,088, of which sum, £7,444 was levied upon New South Wales goods, £11,256 upon South Australian importations, and £75,388 upon Victorian importations into this Colony. The direct cash payments made by the Government of South Australia to this Government during the period named, under the agreement between the two Colonies aggregated £21,800, and adding this sum to £94,088, the total of the collections upon New South Welsh, Victorian, and South Australian merchandise at the Murray River and inland bonds just named, we have £115,888 as the actual receipts for the first nine months of the current year; but, inasmuch as the £21,800, which forms part of this sum of £115,888 included £11,367 due at the close of 1877 on account of that year, the sum strictly representing the entire Border collections for the whole of that trade for that portion of the year under investigation would be reduced to that extent, and therefore only amount to £104,521. In order, however, to show the Border Customs Revenue

levied and paid during that period upon goods imported from Victoria and South Australia only, and which I will designate "Intercolonial Border Customs Revenue," we must further reduce this last-mentioned sum by £7,444, the amount of duty shown to have been collected upon New South Wales goods, which leaves £97,077 as the "Intercolonial Border Customs Revenue" in hand and strictly proper to the nine months of 1878, terminating on September 30th. But a few moments ago I showed that the whole of our Border trade for the first nine months of 1878 eventuated in a total revenue through the Customs (including the amount levied on New South Wales goods) of £104,521, a result which indicates that this particular ramification of our revenue shows no sign of retrogression, as compared with last year; for taking £104,521 as the actual product of the Border Customs duties collected during the first nine months of the year, and increasing it by one-third of itself, viz., £34,840, as the proportionate payments that should be made for the closing three months, we will then have £139,361 as the actual and prospective yield from this branch of our income for 1878, as against £130,969, the total of Murray River Customs receipts in respect of 1877, as shown in my Financial Statement of January last. In consequence of the system now adopted in keeping and preparing the Murray River Customs accounts, the separate amount of £120,061, which appeared in my previous Budget Statement as "Murray River Customs Receipts for 1877," as I have already intimated, has been struck out of the present accounts, and distributed through the various items which realized it; consequently, while there is a difference between the detailed figures of the actual Customs Revenue of 1877, as stated in the Ways and Means placed before Parliament in January last, and those now submitted, yet the aggregate is alike in both cases. It will be convenient here to state that the Border Duties Convention between this Colony and South Australia has been extended to December, 1879, the Government of that Colony having agreed to continue the payment of the annual commutation rate of £35,000 up to that period. Taking up now the Land Revenue, I will first direct my attention to "Auction Sales," from which, in January last, we anticipated receiving £1,000,000 during the current year, inclusive of balances due on sales effected in 1877, but which will according to my present anticipations produce £930,902 only, of which sum £616,902 had been actually received up to 30th of September last. I may observe that my previous estimate under this heading for 1878 was about one million less than the actual income for the preceding year, the present administration having determined to place some restriction upon the enormous alienation which had been prevailing prior to their assumption of power. True, climatic and financial causes may have gradually engendered a disinclination, and perhaps in some cases an inability on the part of Crown tenants and others to purchase as extensively as they had theretofore been doing; but these causes were not apparently exerting themselves to the extent of preventing large auction purchases when this Government succeeded to office, for up to the close of the past year the auction system was in anything but a state of inactivity, 321,735 acres having been disposed of under it, in the October-December quarter. I think then I may venture to assert that the first material check upon the wholesale parting with the public domain "under the hammer," consisted in the action of my honorable colleage, the Premier, who raised the upset price of the lands offered for sale from 20s. to 25s. an acre, and refused to submit them to public competition in the large areas that had been previously authorized. The declared intentions of the Government in this respect, as announced to Parliament, have thus been faithfully carried out and consistently adhered to; for, as will be gathered from the figures just quoted, our original estimate of land auction sales will probably fall short of realization by about £70,000. "Selections after auction" will only return £122,258 in lieu of £160,000 originally estimated; the failure in reaching the larger sum being attributable to the administrative action of the Minister for Lands, who has practically withdrawn the public lands from after-auction selection, for reasons already declared by him, and which I need not now enter upon. "Improved purchases" will in all probability fully realize my former estimate,

viz., £200,000, whilst "provisional pre-emptive right sales," which are more popularly known as improvement purchases under the 31st clause of the Lands Acts Amendment Act of 1875, will bring to the revenue, it is anticipated, £24,967, though the Ways and Means for this year did not contemplate any receipts whatever from this source. Already, up to the end of September, we have received £16,967, and £8,000 further will, it is calculated, be obtained from it by the 31st of December. "Deposits upon conditional purchases" have fully realized the proportion of estimated income for the first three quarters of the year, for which the receipts are shown in the Ways and Means now submitted. My entire estimate for 1878 was £425,000, and the amount paid into the Treasury for the nine months up to the end of September was £322,929. I reckon upon receiving from the 1st of October to the 31st of December a further sum of £107,000 for conditional purchase deposits, so that if the actual results support my expectations, the original estimate for the year will be overleapt by about £5,000. From "instalments on conditional purchases" I estimated to obtain £10,000, but already up to the close of September there has been paid into the Treasury the sum of £14,140, or £4,140 more than my estimate, and this excess I am led to believe will be increased by the further sum of £5,500 by the end of December next. The payments into the Treasury, for the first nine months of this year, as "balances on conditional purchases" aggregate £39,555; and I expect a further yield by the 31st December of £17,000, making an anticipated total of £56,555, as against £60,000, the amount stated in my budget—thus leaving a contemplated deficiency of about £3,500. When in January last I was considering the financial prospects of the Colony for the now current year, I referred in terms of congratulation to the satisfactory liquidation by the conditional purchasers of their liabilities to the State, and expressed a confident anticipation that their future engagements would be promptly met, although at that date the Country was still suffering from protracted drought. I then estimated that the 1878 receipts for "interest upon conditional purchases" would reach £155,000 as against £126,000 for 1877; and it must indeed be assuring to know that the depressing influences before adverted to have not prevented the fulfilment of this prediction; the actual payments up to the end of September being £157,226, or £2,226 above the estimate for the entire year, before the expiration of which it is computed that a further sum of £8,000 will be received. Having thus referred to our income for 1878 from the Crown lands of the Colony, I feel some satisfaction in inviting your attention to the evidence of the attractions of our ports for the commercial world, as contained in the enlarged amount of "pilotage, harbour and light rates and fees" expected to be collected this year, viz., £34,797, of which sum £25,297 had been paid up to the 30th of September. This branch of revenue will, if my present expectations for 1878 be fulfilled, exceed by £6,000 the point at which it arrived last year, which was £28,795. Coming now to the salient feature in our revenue, included within the classification of "receipts for services rendered," namely, "railway receipts," I confidently expect that they will fully bear out my Ways and Means for 1878, in which they were put down at £875,000. Although the first nine months of the year have not produced the full average for that period, yet, as the remaining three months form the busiest season, they will no doubt, with the extensions to North Wagga Wagga and Tamworth, now contributing to the earnings, yield the balance necessary to complete this estimate. Before closing with the accounts for 1878, and by way of general reference to the expenditure upon public works throughout the Colony, I would inform the Committee that during the expired three-quarters of the current year an expenditure of £604,955 has been incurred and directly charged against the Consolidated Revenue, as follows:—For harbours and rivers works and improvements, £71,279; public works and buildings under the Colonial Architect, £188,341; roads and bridges, £345,335. Under the different Loan Acts there has been an outlay during the same period of £597,377 for railways, telegraphs, and other works. Adding this last-mentioned sum to the £604,955 for public works defrayed from Consolidated Revenue, we have a total expenditure of

£1,202,302 upon these great branches of the public service for the first nine months of 1878. During the corresponding period of 1876 the expenditure for like services from Consolidated Revenue was £418,655, and from loans, £497,411, making together £916,066; and the same classes of disbursements for the analogous three quarters of 1877 were respectively £477,751 from Consolidated Revenue, and £722,066 from Loan Funds, or together £1,199,817. These comparative statements show that the entire moneys expended upon the public works of the Colony as just particularized, during the first nine months of 1878, were slightly in excess of the like expenditure for the corresponding period of 1877, and £286,000 more than that for 1876. As it is usual before entering into any explanation respecting the proposed expenditure of an ensuing year, in relation to its estimated income, to furnish a synopsis or abstract of the balances which stood at the credit of the various public accounts, according to the books of the Treasury, at the close of the month immediately preceding the delivery of the financial statement, these balances have been made up, as indeed all the other statements with the present Ways and Means have, to the 30th September last, time not having permitted of their being brought up to the 31st October, and will be found detailed in the statement commencing with page 113, of which the following is an abstract, viz.: — Public Account — Consolidated Revenue Fund, £1,986,714; Old Loans Account, £171,924; Trust Fund, £1,042,975 — together, £3,201,613; Special Loan Funds, £318,083; making in all, 3,519,696. This amount was distributed as follows, viz.:—Bank of New South Wales—London Branch: Balance in London on 30th June, 1878, £556,003; amount of remittances prior to that date not then brought to account, £100,000; total, £656,003. Head Office, Sydney: Public account, £164,797; Special Loan Funds, £193,083; making a total in Bank of New South Wales of £1,013,883. Special deposits in the Local Banks, viz.:—Bank of New South Wales, £350,000; City Bank, £250,000; Oriental Bank, £250,000; Australian Joint Stock Bank, £200,000; Bank of Australasia, £175,000; English, Scottish, and Australian Chartered Bank, £175,000; Union Bank, £175,000; London Chartered Bank, £175,000; Mercantile Bank £175,000; in all, £1,925,000—thus showing a total cash balance in the banks of £2,938,883, to which has to be added the amount of the securities in the Treasury Chest, viz., £580,813, which gives a total of £3,519,696. The cash balance in the London Branch of the Bank of New South Wales, as just stated, was the balance according to the accounts of the Treasury, which was, however, £140,923 in excess of the balance shown by the bank's own statements. This difference is the amount of certain payments made by the bank, which had not been adjusted in the Treasury books on the 30th September last, and to which I will again have occasion to refer. On the 1st July interest on debentures fell due in England to the amount of £237,452, so that the true balance in London at the present time is probably not quite £250,000. While dealing with these balances it may be convenient to refer also to the position of the Consolidated Revenue Fund as a whole, in order to show what are its present and prospective assets and liabilities, with a view to arrive at the estimated surplus at the close of the present year, as shown in the account for 1878, marked No. 2. This information comes properly, however, under the head of—

ASSETS AND LIABILITIES.

Assets.

The Assets are as follows:—

1. Cash in Banks on 30th September, 1878	£1,986,714
2. Amount due at same date by different Loan Funds to the Consolidated Revenue Fund for advances pending sale of debentures	1,775,000
3. Amount of estimated revenue for the last quarter of 1878, as per statement page 21 of the Ways and Means, marked A	1,464,630
4. Amount of the Treasurer's Advance Vote for 1877, to be transferred from Trust Fund on 31st December, 1878	60,000
5. Balance due from the Superannuation Fund Repeal Fund	3,598
6. Advances on account of the Imperial Government, unpaid	310
Total Assets	£5,290,252

Liabilities.

The following are the liabilities, actual and estimated :—

1. Appropriations of 1877 outstanding on 30th September, 1878, as per Statement page 23 of the Ways and Means, marked B	£1,030,053	
Less amount estimated as not likely to be required	300,000	
Leaving a liability of		730,053
2. Appropriations of 1878, including balances on additional special appropriations, outstanding on same date...	£2,296,180	
Less amount estimated as not likely to be required	280,000	
Leaving a liability of		2,016,181
3. Amount of Supplementary Estimates for 1878 and previous years now before the House		237,493
The total liabilities thus being		£2,983,727
Which deducted from the total assets leaves an estimated surplus at the close of the present year, as shown in the account for 1878, of		£2,306,525

With respect to the difference of £140,293 between the balance on June the 30th last in the London branch of the Bank of New South Wales, as shown in the Treasury books, and that shown by the bank's own statements I would explain, that in working our railway system, which is daily growing in dimensions, it has become absolutely necessary to keep in reserve a large stock of material for daily distribution and use, especially of railway iron, which is necessarily imported from the Home Country in quantities sufficiently large to cover our requirements for different extensions for one, two, or more years. Honorable members will at once see that if it be desirable to preserve an accurate record of the real expenditure for each year, it would be obviously misleading to finally and definitely charge against any one year in which stores may be merely taken into stock the entire cost of such stores, which may be, as they are intended to be, used or consumed in a series of two or more years. It is in practice found impossible, as will upon consideration be apparent to honorable members, to distribute, for instance, railway iron, immediately upon arrival in the Colony, and to charge it to the different votes for railway extensions in the exact proportions in which it will be ultimately wanted and should therefore be distributed and charged. Long experience proves that the more convenient and more accurate system is to make the requisite final charge to the respective Parliamentary appropriations, at the time when and according to the quantity in which the material covered by the proposed charge is actually required and issued for the construction of authorized lines. Pending this issue, however, it is essential that the cost of the material should be debited to some vote, and it is with the object of enlarging the loan appropriation by Parliament, in 1872, of a sum of £75,000, for this purpose, which sum is now totally inadequate to the public requirements, that the sanction of the Legislature to a further loan estimate of £225,000 will be solicited during the session. As will be described in the Estimates, this particular vote will be recouped from time to time as stores or materials may be finally issued, and their cost transferred from this to the vote which finally covers the service for which such stores or materials are intended; indeed, in its nature this vote will be the same as, though in its operation it will in harmony with its terms be more confined than, the Treasurer's advance vote. And as this sum of £140,293 represents payments for railway material made by the Bank of New South Wales in London, the Treasury has been unable, for the reasons stated, and for the want of a further vote beyond the £75,000, which is quite exhausted, to transfer the £140,293 as a charge against any service, and it therefore remains in the Treasury books uncredited to the bank. Adverting now to the papers which deal with the accounts for 1879, it will be noticed that there is appended to the Estimates of expenditure a schedule showing the total compensation received by such officers in the public service as hold more than one appointment, or are in receipt of

allowances outside their voted salaries, this information being given in accordance with the promise of the Government, and in harmony with what Parliament has a right to expect. I would further point out that we have for the first time included in the present Estimates of Expenditure for 1879 the salaries for the officials employed in the Sydney Immigration Office, which have hitherto been paid out of the general immigration vote. The expenses connected with the Erysipelas Hospital, which may now be considered a permanent institution, are likewise submitted for specific appropriation, as are also the salaries and expenses connected with the Money Order and Government Savings Department, part of which has heretofore been paid, under the authority of the 15th clause of the Government Savings Bank Act of 1870, out of the moneys received by that department, and without being included in the annual Estimates. In accord with the administrative changes effected by the present Government, the Estimates of the Attorney General's Department are submitted independently, instead of as heretofore being included in those for the Department of Justice and Public Instruction; whilst for the same reason the Estimates for the Department of Mines include the expenditure connected with the "Occupation of the Lands Branch," the "Stock Branch," and the "Minor Roads Branch," which has previously formed part of the Estimates of the Lands Department. With these allusions to alterations in the framing of the Estimates for 1879, I shall now proceed to deal with the estimated accounts for that year. Bringing forward from the account for 1878 the accumulated surplus which it is estimated will exist at the close of this year, viz., £2,306,525, there has to be added thereto the estimated revenue for the year 1879, which it will be seen from statement A of the Ways and Means, page 17, amounts to the sum of £5,031,155, thereby giving a total credit of £7,337,680. From this credit there has to be deducted the estimated expenditure for 1879, which will be found, according to the account marked No. 3 to amount to £5,331,070, which would leave at the end of 1879 an estimated accumulated surplus of £2,006,610. It will be observed from this statement that while the expenditure of 1879 is estimated at £5,331,070, the revenue is estimated at only £5,031,155, which shows an estimated expenditure above the estimated revenue of £299,915. This difference between the estimated income and expenditure for the year results however from an addition to the expenditure of £358,000, in connection with a large number of public works which in the absence of the surplus and in accordance with the practice that prevailed prior to its possession would have been provided for by loan. The Government therefore consider that those items may fairly stand as a charge against the accumulated surpluses of previous years, and being in effect so charged, and the general expenditure from the year's revenue being reduced by the amount already mentioned, namely, £358,000, there will be left a balance in favour of revenue of £58,054. I will now read a list of the items referred to, which will be found to more than account for the apparent deficiency alluded to, viz.:—Breakwater, Clarence River, £20,000; Prison Buildings, &c., Trial Bay, further sum £10,000; Dredge for Rivers and Lakes, £15,000; Dredge, Tug, and Punts, for Manning River, in the first instance £18,000; Punts for Dredge Service, £13,000; new Dredge, &c., Sydney Harbour £15,000; erection of Lighthouse, Cape Green, £17,000; towards the erection of a new Lunatic Asylum at Callan Park, £25,000; towards the completion of public offices for the Lands Department, further sum, £35,000; for completion of new public offices for Department of Public Works and Colonial Secretary, further sum, £45,000; towards the erection of new Free Public Library, £75,000; towards the erection of new Law Courts, £20,000; towards the extension of the new General Post Office, including £13,300 payable to the honorable Alexander Campbell under arbitrators' award, for resumption of land in Pitt-street, £50,000, making a total of £358,000. In the special appropriations "Interest on debentures and funded stock" is increased from £520,000 for 1878, to £565,000 for 1879; the difference, £45,000, being intended to provide for the interest payable on our

projected new loan of £1,500,000, now awaiting negotiation in London, to which I shall, later on, have occasion to refer more fully. Coming now to the departmental estimates of expenditure, I would trespass upon the attention of the Committee for a short time, whilst making some general comparisons between the authorized and further estimated expenditure for 1878 and that proposed for 1879, and dilating upon some of the proposed votes for the latter year. It would certainly be quite out of place for me to attempt to indicate the items line by line in which the Estimates vary for the two years under comparison, and bring about the final difference between them. I shall therefore content myself, as I have just intimated, with pointing out the total increase or decrease, as the case may be, in each of the departments, and touching upon such specific votes as I deem expedient to bring expressly under the attention of honorable members. First in order, then, we come to the Colonial Secretary's Department, the estimated expenditure for which is £664,805 for 1879, as against £676,908 already voted for 1878, and £22,980 additional for that year on the Supplementary Estimates now on the table, thus making the total authorized and proposed expenditure for 1878 £699,888, which shows a reduction in favour of 1879 of £35,000. The Committee will observe that the Government, following up their policy as submitted by them and approved in the last Session of Parliament, have included in the Estimates of expenditure for next year the sum of £75,000 for immigration, and they confidently anticipate that an expenditure of this nature which has so frequently met with the emphatic endorsement of the Legislature will be no less heartily approved of when the vote referred to comes on for consideration in Committee. A variety of circumstances has, during the past few months, tended to bring this Colony more immediately and more prominently under the notice of the British public, as a highly favourable field for emigration, in which there is afforded full scope for the thrift and industry of those who may seek our shores in search of a livelihood and fortune. Although the policy of Immigration, like all other social or economical questions, has alike its advocates and opponents, it is gratifying to know that the large majority of the inhabitants of the country hold a deep-seated opinion in its favour, and are imbued with that broad cosmopolitan sentiment which teaches them that they are but a small section of the great British family, whose main interests are bound up in common, and that though settled upon, they are not exclusively entitled to this favoured portion of Her Majesty's dominions; and further, they are affording incontrovertible evidence of the sincerity of their convictions by practically giving a helping hand by means of this vote to those fellow countrymen, who may be struggling in vain against difficulties that surround them in the parent State, with its overcrowded population, and are ready to cast their lot with us and to take their share of our country's burdens. Under the heading of "Charitable Allowances" the Committee will observe an item of £12,500 as a first instalment of a proposed conditional contribution of £25,000 towards the rebuilding of the Sydney Infirmary, which is submitted for the approval of Parliament as part of the arrangement under which it is sought to establish this institution on a satisfactory basis. A sum of £20,000 towards the completion of the Prince Alfred Hospital is also comprised in the same category; and, in consideration of the increasing urgency for further Hospital accommodation in the metropolis and the desirability of creating facilities for the study of medical science in the Colony, the Government hope that this vote will receive the sanction of the Legislature. With regard to municipalities no special sum for increased endowment is included in the General Estimates for next year, as any assistance to the Sydney corporation and the country municipalities, beyond that given by the existing law, will be specially appropriated by Bills dealing with these Corporations, and submitted during the present Session. The sum of £25,000, the proposed special endowment to the City of Sydney, though not in the Estimates, will, however, be found in the estimated account current for the year 1879; and any further assistance to country municipalities sanctioned by Parliament during the present Session will be included in subsequent

accounts for the year 1879. For the "Administration of Justice and Public Instruction," the Appropriation Act of 1878 sanctioned supplies to the extent of £454,546, and in the Supplementry Estimates for that year a further grant of £3,455 is asked for this department, these two sums making together £458,000. The Estimates of expenditure for 1879 reach £493,188, and therefore exceed the probable requirement of 1878 by £35,188, which is almost entirely made up of the addition of £30,000 to the amount of £320,000 obtained by the Council of Education in 1878 for the purposes of the Public Schools Act. For the support of our State educational system we will therefore ask Parliament to grant £350,000. The annual vote for this service has gradually risen from £90,000 in 1867 up to the sum just mentioned as requisite for 1879. As any required information connected with this vote can be obtained when the item is proposed in Committee of Supply, I shall not now do more than make this passing allusion to it, though the meagreness of my comments will not, I am certain, be taken as manifesting any want of appreciation on my part of the important national services this vote is intended to provide for. The Attorney General estimates his expenditure next year at £28,093, as against £25,284 voted for 1878. The Department of Finance and Trade will ask for 1879 the sum of £378,830, including the Treasurer's Advance Vote of £60,000, whilst £327,540 was appropriated by Parliament for the services of 1878, and a further sum of £22,259 is included in the present Supplementary Estimates, thus aggregating an anticipated total appropriation for 1878 of £349,799. To arrive at the probable expenditure for the year 1878, however, this last-mentioned amount must be reduced by £30,000, the amount of the Treasurer's Advance Vote, which does not form a final charge against the revenue, thus leaving £319,799 for 1878, as against £318,330 for 1879, this last sum being the entire estimate of the department, less the Treasurer's Advance Vote of £60,000, which is also deducted for the reason just given. The Government Printing Office estimate for 1879 is about £9,500 above the authorized vote for the current year, two-thirds of this increase, viz., £6,350, being for the *Hansard*, in favour of which Parliament declared its opinion last Session. The remainder of the £9,500 is substantially created by the additional expenses necessarily incident to a continually expanding establishment. I should add here that a further sum of £2,069 for the Printing Office is submitted on the Supplementary Estimate for 1878, to cover expenses which the Estimates for that year, as passed, falls short in providing for, so that if the last-mentioned amount find its way into the Appropriation Act the actual difference between the requirements of 1878 for the Printing Office, and the estimate for 1879, will be about £7,500 only, of which the *Hansard* will, as I have just stated, absorb £6,350. The Treasurer's Advance Vote for next year is brought up to £60,000, the amount taken for the current year, £30,000, being found too small for urgent unforeseen demands upon the Government. For the Lands Department the amount voted for 1878 was £410,637, while the expenditure for 1879 is estimated at £424,157, or £13,500 in excess of the vote for the former year. The branches mainly contributing to this additional charge are those of "Land Agents, Appraisers, and others," £3,000; "Triangulation and General Survey of the Colony," £4,300; "Miscellaneous services," £11,600—whilst in the "Survey of Lands" branch there is a proposed decreased expenditure of £10,000, chiefly owing to the sum asked to cover the cost of temporary increase in the Charting, Auction, and Compiling Branches being reduced by that amount. The Supplementary Estimates for 1878, however, reach £42,650, inclusive of £36,000, the purchase money of the land adjoining the Rookwood Necropolis, and adding that sum to the already authorized appropriations—£410,637—we will have £453,287 as the probable outlay for 1878, whilst the present Estimates for 1879 are, as just stated, £424,157. The Public Works Department, exclusive of Railways, shows an increase in the proposed expenditure for the coming year of £263,000 above the amount already voted for 1878—that is £1,346,156, as against £1,083,333—The Public Works vote, in the Harbours and Rivers Department, as particularized in the present Estimates for 1879, being £193,000 as against 118,000 voted

for 1878, and Public Works and Buildings under the Colonial Architect's supervision, requiring in 1879 £504,000 as against £277,000 appropriated for the current year. In these two items we have a total additional expenditure in 1879 of £302,000 beyond that already authorized for the like services in 1878. The Supplementary Estimates for the earlier of these two years (now before Parliament), however, embrace items for purposes similar to those just described, amounting to £48,000. Upon the other hand there is a falling off in the proposed expenditure of next year for construction of Electric Telegraphs, of £37,500, and for the construction and maintenance of roads, of £9,000, as compared with the appropriations already made for 1878. With respect to the entire annual cost of our Railway Establishments, including Miscellaneous Services, I find that the Estimate of Expenditure for the next year exceeds the vote for this present year by £31,000. For 1878 Parliament voted for working expenses on the existing lines, which do not include the Miscellaneous Services, £458,570, and in the present Supplementary Estimates for that year a further sum of £60,600 is asked for, thus making a little over £519,170 as the probable requirements for this particular service for 1878. The amount required for the like expenses for 1879 is estimated at £575,800, which is £117,230 more than the sum already sanctioned by Parliament for the year 1878, and £56,630 more than the sum so sanctioned with the addition to it of the further estimate of £60,600 just alluded to. On the other hand there is a reduction of about £88,000 in the Miscellaneous Railway vote in favour of 1879, with the details of which it would be profitless for me to weary the Committee. Honorable members will agree with me that the large and substantial growth in the cost of working the railways is unavoidable in consequence of the greater mileage over which traffic is now running, which mileage will in all probability be increased by the opening of further extensions during the ensuing year. Adverting now to the Post and Telegraph Department, the Estimates of Expenditure for 1879 as submitted show an increase of £34,400 over the appropriations for 1878, into the minutiæ of which I need not now enter, since the Estimates themselves will afford full information as to the branches in which the increased expenditure is proposed. This difference between the two years will however be reduced *pro tanto* if the sums for this department comprised in the present Supplementary Estimates for 1878, amounting to £5,750, be passed. Proceeding still with the accounts for the year 1879, I shall now take up the estimates of revenue, which as I before stated show a probable ingathering of £5,031,155. Under the head of taxation, which in its entirety I anticipate will produce in that year £1,334,150, the sub-classification of customs is set down to yield £1,183,650. This is £88,950 more than my original estimate for 1878, and £20,820 beyond what I now calculate to receive for that year, with nine months actual collections guiding my computation. If, then my present forecasting for the ensuing year be realized, "spirits" will bring to the revenue of 1879, £560,000, which is £53,600 more than they contributed to the revenue of 1877, and yet only about £10,000 above the probable aggregate yield for 1878, which I expect will be £549,600. "Wines," I calculate will yield in 1879, £40,000, a trifle below my present estimate for 1878, but slightly in excess of the actual collection for 1877. It will be seen at a glance, that whilst the Customs collections upon spirits show an increase in my present estimate for 1878 of about 11 per cent. above the actual duty levied in 1877, wines from the same standpoint only show an increase of about 4 per cent. This probable result of the duty from wines, which, so far as the revenue is concerned, compares somewhat unfavourably with the yield from spirits, may perhaps be attributable to a development amongst the people of the Colony of a greater taste and inclination for the Colonial Wines, to the exclusion of the imported Wines. "Tobacco and Cigars" I rely upon to pay a total duty in 1879 of £120,000, or about £9,000 more than my present estimate for 1878, which in its turn is £8,300 in excess of the actual income from these articles in 1877. Referring honorable members to the Estimates of Ways and Means for fuller information as to our estimated revenue

from "taxation," to which I do not deem it necessary to allude in further detail, I will now invite their attention to the estimates of "land revenue," from which the Committee will ascertain by comparing them with those for 1878, that "Land Sales" are set down to bring to the Treasury in 1879 £1,660,000, as against £1,855,000, the original estimate for the year through which we are now passing, and £1,790,184, the probable final result as now computed. "Provisional, pre-emptive right sales" and "selections after auction" are excised altogether from the Estimates of Revenue for 1879. The estimate of £1,660,000 for that year is made up of auction sales, £1,000,000, which includes the balances due on auction Sales that will be effected in the last quarter of 1878; improved purchases, £150,000; deposits on conditional purchases, £430,000; instalments on conditional purchases, £20,000; and balances on conditional purchases, £60,000. It is of course impossible to compute with exactness the probable demand for land from year to year, as that is controlled by a variety of adventitious causes, but I prefer naming a sum which past experience justifies me in supposing will be obtained, to naming one which might possibly be found excessive. There certainly appears to be no cessation of the desire for "free-selecting" on the part of the people, and with improved seasons favouring the Country there is full warrant for assuming that there will be no lessening of the activity which in the past has characterized the procuring of land under the free-selecting provisions of our law for the purposes of settlement. "Annual land revenue" is estimated to produce in 1879 £455,550, as compared with £440,500, the present estimate for the year 1878, the difference being in effect accounted for by "interest upon land conditionally purchased" which comes within this category, and has been assessed at £180,000 for 1879, or about £15,000 beyond the actual and estimated payments of the current year. Judging from the Treasury records of the past two years, and bearing in mind that the present prospects of graziers and farmers are far more encouraging than they were nine months ago, I do not think I can be charged with going beyond a reasonable limit in inserting in the Ways and Means for 1879 the sum of £180,000 as the anticipated receipts for interest upon conditional purchases. Coming now to "receipts for services rendered," which as a whole are relied upon to return £1,438,930, the Committee will notice that there is a very large addition expected from "railway receipts," which it is estimated will total £1,085,000 in 1879, and probably reach £877,000 during the present year. This marked estimated increase of £208,000 is no doubt a large one. But it should be borne in mind that not alone does the railway traffic continually grow on existing lines, as the public become more acquainted with its advantages, and discover the value of the facilities it affords, but also that the extensions to North Wagga Wagga and Tamworth, which will have been opened for a small portion only of the present year, will have the benefit of the traffic for the whole of next year; and it is further confidently expected that the line from Weriss Creek to Gunnedah —a length of 41 miles—will be opened in June next, in sufficient time to obtain the benefit of the general trade to, and the wool carrying from, Liverpool Plains and the adjacent districts. I do not deem it wise or necessary to trouble the Committee with a voluminous array of figures, for the purpose of proving the growth of this traffic and justifying the estimate now submitted; but I would refer honorable members to the excellent Report of the Commissioner, issued lately, for fuller information as to the working of the State Railways, and the effect they have upon the Country generally. In January last I announced that we then had 597½ miles of railways open for traffic, and that the Government at that time anticipated opening the line to Wagga Wagga in September—a prediction which has been fulfilled—and to Tamworth in August of this year. Although the latter contract was not completed within the period named, yet the extension was opened on the 15th October last, and thus a further though tardy instalment of justice has been paid to the north. These two additions to the working lines will make a total of 688 miles over which traffic is now running, 90½ miles of them having been

opened since the 1st of January last. The opening of the North Wagga Wagga extension I regard as one of the most important events, viewed in a national light, that has taken place since the inauguration of our railway system, whilst the completion of the line to Tamworth, the capital of the rich and fertile Liverpool Plains, and the centre of a magnificent and extensive agricultural area, cannot be well over-estimated in importance. We have now, by completing the line to Wagga Wagga, approached the wealthy districts of Riverina, the large and valuable trade of which has heretofore been substantially enjoyed by our southern neighbours, whose geographical advantages our own traders were, in the absence of locomotive communication, unable to compete with. At length, however, that great revolutionizer, the iron horse, has reached the long looked for goal, and though it may take some time ere the business of the settlers of Riverina is altogether diverted from the adjoining Colonies to New South Wales, there can be little doubt that with the railways to back up the enterprise and competitive energies of our merchants, the business transactions of the Riverina inhabitants with our own Colony will grow largely and rapidly, being stimulated to some extent by that sympathetic feeling underlying the principle of "trade following the flag," which should induce our own people *cæteris paribus* to trade within the boundaries of the Colony in which they reside, and carry on their avocations. Post and telegraph office receipts, which also come within the grouping of "receipts for services rendered" are estimated at £256,000, or £21,215 more than the actual and estimated revenue for 1878, and from information given by the Post Office Department I have little doubt that the sum will be realized. "General miscellaneous receipts" are relied upon to bring in £142,525 during 1879, as against £154,042 in 1878, the falling off being substantially assignable to the estimate of "interest on Bank deposits" being reduced from £82,400 to £65,000. The Parliament has already been made aware of the intention of the Government to introduce a Bill this session to abolish the duty upon gold—a proposal which has had the approval of the Assembly upon three different occasions. The loss to the revenue by the removal of this duty—which for some years past has been gradually and sensibly decreasing—will be about £7,000. With this statement, I shall reserve any further observations until I submit the Bill to the judgment of the House. On the opening of the present session of Parliament it was announced that negotiations, still incomplete, for the arrangement of a Customs Union between this and neighbouring Colonies had been initiated, but the wide distinction between the fiscal policy of Victoria and our own, coupled with an intimation from the Government of Queensland that they are not prepared at present to make such alterations in their fiscal arrangements as a Customs Union would in their opinion necessitate, leads to the impression that any general union of the Colonies for tariff purposes cannot be looked for at present. I must add, on the other hand, that the Government of South Australia view the proposal with favour. With regard to the accumulated Consolidated Revenue Surplus it is not my intention at present to ask Parliament to finally appropriate any portion of it, further than I have already indicated. Pending its permanent absorption, however, it is being beneficially employed in the form of advances to Loan Funds, for expenditure upon railway construction and other public works, these advances amounting now to £1,850,000. As in my previous Financial Statement I went fully into figures to prove the pecuniary advantage arising from the possession of this surplus, I shall abstain from now dealing with it at greater length. With reference to the Consolidation of the public debt, it is needless for me to enter here into a detailed expression of my views upon this important question. I may, however, now opportunely make reference to the Imperial Act of last year, known as the Colonial Stock Act of 1877, which provides for the composition of the stamp duty chargeable in England on Colonial stock, by the payment on the issue of the stock of a commutation of 7s. 6d. per £100 in lieu of a duty of 2s. 6d. per £100 upon each successive transfer. It also contains provisions for inscribing and registering Colonial securities in the

United Kingdom, and thereby dispensing with the necessity for trustees and other investors incurring the responsibility of keeping scrip or certificates in their possession, with their accompanying risk of loss. By this removal of the difficulties in the way of investing in Colonial securities, the body of purchasers will probably be enlarged, and competition be increased accordingly,—an advantage, it appears to me, of material importance to the Colonies, for which they are greatly indebted to the zeal and efforts of Sir Julius Vogel, with whom the other Agents General co-operated. I will not now make further allusion to this legislation of the British Parliament, since it does not immediately affect my present statement, though it is inherently of too important a character to be passed by without being brought to the notice of the Committee, but proceed to address myself briefly to the action of the Government in connection with the Loan now awaiting negotiation in London. It is of course within the knowledge of honorable members that, during the late recess the Government determined, in view of the then highly favourable state of the Home money market and the prospective outlay in connection with public works and otherwise both here and in England, to exercise their dormant borrowing powers, which covered £4,481,742 by raising a loan in London of £2,865,500, under the Acts 38 Vic. No. 2, 40 Vic. No. 12, and 41 Vic. No. 4, though it was decided to offer to the public in the first instance debentures representing £1,500,000 only. Against the anticipated proceeds of this Loan the Government in July and August last, as the House has already been informed, negotiated their drafts on London, through the Bank of New South Wales, to the amount of £200,000, in view of the then local prospective requirements for authorized railway extensions. Acting upon the advice of the Agent General and our financial agents at Home, the floating of the loan was postponed until after the Stock Exchange holidays, which expired in September last, and it will be ground for regret, as it no doubt was for surprise, that at the period at which it was thus intended to ultimately place our debentures on the market, all classes of Australian securities had receded so far in public favour as to induce the Government not to press the loan,—a change which, so far as the circumstances of this Colony are concerned, I can scarcely account for on any sound financial principle, as happily there has been no sudden and violent political revulsion, no financial crisis, no complication in our midst, to alter the affairs of the Country from what they were prior to the fall; indeed, so far as the business of the State can testify, we have most reliable evidence of the continuance of a solid prosperity. It may, however, be somewhat satisfactory to us, withal, to know that though this depression was general, New South Wales bonds continued and still continue to be quoted at the highest prices for "Australian securities," and at an advance upon others equal to that which prevailed prior to this sudden and unexpected depreciation. If it be borne in mind that nearly two years have elapsed since our last batch of debentures, of about £900,000, was offered for public tender; that our proposed operation was to recoup our Consolidated Revenue for advances to Loan Funds which had been chiefly disbursed upon the railways of the Colony, now making a net approximate return of 4½ per cent. upon invested capital; and that since the beginning of the year 1872, we have, out of annual revenue, paid off debentures as they fell due to the amount of about £1,750,000, it is somewhat difficult for me to assign a valid cause, so far as we are exclusively concerned, for this decline in our securities. Many reasons of a general nature for this unlooked for disturbance might be suggested, with more or less accuracy, such as the re-opening of the foreign market to English capitalists or investors, concurrently with the settlement of the Russo-Turkish difficulties; the unanticipated announcement or foreshadowing, after our loan was projected, of other large Colonial loans; and, further, the unauthorized intimation at Home, both in the stock circulars and the Press, of the probable intention of New South Wales to offer from three to four and a half millions of debentures towards the close of the year; and possibly, the operations of speculators on the other side, who were acting with a view to their individual interests. It is impossible to avoid at

least a temporary feeling of surprise that this declension immediately followed, though I do not affirm that it was consequent upon the arrangement of the Eastern question under the treaty of Berlin, by which peace was restored to Europe; for one would have been disposed to assume that, with the threatening calamity of the United Kingdom being involved in war averted, her own securities, as well as those of each of her dependencies, would, at least, have maintained their existing places in public opinion, in the absence of some specific tangible cause for any other result, arising out of the individual circumstances of Great Britain herself, or of the particular dependency whose securities have been prejudicially affected. We may hope, however, that our debentures will ere long, recover this "backwardation," as it is termed in the Stock Exchange, and which there is room for believing is but transient. Honorable members have already been informed that, pending the recovery of the money market, the Government have decided not to hasten their loan operations, and our ability to abstain from borrowing whilst this dulness continues cannot fail, I should think, to strengthen our position in the eyes of the London capitalist, and fully restore, if it do not increase, his confidence in our investments. This loan could not, apart from reasons of a practical nature, be brought under the operation of the Colonial Stock Act, by reason of the absence from the Loan Acts of certain provisions with regard to inscription required to be in them by the Imperial Act before alluded to. It may not be uninteresting for me now to make some reference to the public debt of the Colony, which on the 30th of September last amounted to £11,724,019. At that time there were loans authorized by various Acts of Parliament, but not negotiated, aggregating £4,481,742, but as the Government have since taken steps to place debentures to the amount of £1,500,000 on the London market, the actual public liability when this operation is completed will be £13,224,019. As compared with other Australian Colonies our position in this regard is highly favourable, as the statement I am about to make will indicate:—New South Wales on June 30th, 1878, owed £11,724,019, with an estimated population of 675,316, equal to £17 17s. 2½d. per head. Victoria on the same date owed £17,082,064, with an estimated population of 867,634, or £19 13s. 9d. per head. South Australia on the same date owed £5,199,800, with an estimated population of 243,000, or £21 7s. 11½d. per head. Queensland on same date owed £9,011,350, with an estimated population of 207,000, or £43 10s. 7¾d. per head. New Zealand on March 31st, 1878, owed £20,906,119, with an estimated population of 414,412, or £50 8s. 11¼d. per head. The rate per head of the combined debt of the five Colonies just specified is £26 11s. 0¾d., whilst that of New South Wales standing alone is, as I have just stated, only £17 17s. 2½d., or £8 13s. 10¼d. less than the average of the five Colonies named. As one important asset in the form of public works against our public debt, I would point out that, up to September 30th of this year, the expenditure upon railways provided for by loan was £9,943,380, and out of the Consolidated revenue fund £138,223, making a total of £10,081,603. Up to the same period the disbursements upon telegraph construction out of loans were £430,187, and out of Consolidated Revenue £58,690; these last two sums, representing the total cost of telegraph construction, amount to £488,877. Adding these totals together, we find the entire cost of these great reproductive works to have been, on September the 30th last, £10,570,480, or within £1,153,539 of our present public debt, which as before stated was £11,724,019 on that date. It is necessary however that I should explain, in order to afford a clear understanding of this subject, that the sums advanced from Consolidated Revenue to the different Loan Funds, spent mainly upon railways and electric telegraphs, are included in the expenditure stated to have been provided for by loan; since, so far as the loan accounts themselves are concerned, the sums placed to their credit by way of such advances are for the purposes of expenditure considered the proceeds of loans as much as if they had been the product of debentures issued under the Acts by which the loans are authorized. At present, however, the country is in respect of these undertakings under liability to its own Consolidated

Revenue up to the amount of those advances; but so soon as they have been repaid by the necessary issue of debentures, the liability will be transferred to the public creditor who may purchase the debentures, and the public debt be increased accordingly. These advances now amount to £1,850,000, and have been the means of our utilizing the surplus to unquestionable advantage. But, in addition to the reproductive works to which I have just alluded, and without reckoning the invaluable assets of one hundred and sixty millions of acres of unalienated Crown Lands, I would mention as existing tangible money assets against the public debt the unappropriated surplus upon our Consolidated Revenue, amounting in round numbers to £2,000,000, and the balances due by the conditional purchasers upon their holdings approximately estimated at £8,000,000, and which must be paid before the title to the land will pass from the Crown. If to these last two sums, which together make £10,000,000, we add the total cost of railways and telegraphs, as shown just now, viz., £10,570,480, we have £20,570,480 as against the public debt of £11,724,019, or a surplus of nearly £9,000,000 in favour of the Colony. Figures such as these may be safely left, without elaboration, to speak for themselves, in proof of the strength of the Colony, and its ability to bear large additions to its debt as occasion may arise for making them. With reference to the proposed sewerage and water works and the railway policy of the Government, as foreshadowed in the Governor's speech at the opening of Parliament, and which will, in due course, be more fully disclosed by my honorable colleague the Minister for Works, I desire to state that Parliament will be asked in the first instance to sanction a loan to provide for the part cost of these undertakings, as the expenditure involved in them will necessarily extend over a series of years, and I do not anticipate any immediate necessity for borrowing. Having now, Mr. Cameron, closed the somewhat dry task with which I, as Colonial Treasurer, am charged, I have to tender to the Committee my cordial thanks for having indulgently accorded me their patient attention. In the figures I have submitted there are I venture to think unmistakeable evidences of gradual and solid prosperity. The sources of wealth and the elements of greatness with which our Colony is endowed require but the judicious and enterprising application of its people to promote and secure its continued progress—a progress to be accompanied, let us hope, by the cultivation of the arts of peace and good-will, by an honest and steady pursuit of commercial and industrial avocations, by the subordination of science to our individual and State necessities, and by sowing deeply in the national character those social and political virtues which should adorn a people aspiring to a great and noble future.

THE HONORABLE JAMES WATSON.

NEW SOUTH WALES.

The Financial Statement of the Honorable James Watson, made 12th February, 1879.

LEGISLATIVE ASSEMBLY.

12th February, 1879.

FINANCIAL STATEMENT.

Mr. CAMERON : I beg to move that there be granted to Her Majesty out of the Consolidated Revenue Fund the sum of £1,797 to meet the expenses in connection with the establishment of His Excellency the Governor for the year 1879. This formal motion affords me the opportunity of making to the Committee what is popularly termed the Financial Statement—a statement that is generally looked forward to with more than ordinary interest. On this occasion however the usual interest can scarcely be expected, as honorable members are no doubt fully aware that the statement I am about to make must be to a large extent supplementary only to the one made by my predecessor in November last, which was unquestionably the Financial Statement proper to the Session. That honorable gentleman entered so fully and so carefully into all matters relating to the finances of the Colony, past, present, and future, that I find I have little more to do than follow him, and show, so far as the accounts of the past are concerned, their present position ; and, with respect to the future, wherein our Estimates of Revenue and Expenditure for 1879 differ from those of the late Government. In doing this, I have to crave the kind indulgence of honorable members, as the task is new to me, and at the same time solicit their patient attention. I am well aware that figures are dry and uninteresting to most people, but the results I have to disclose to the Committee are so satisfactory and encouraging as ought, in my opinion, to secure the interest and engage the attention of honorable members. Some honorable members may indeed consider a fresh Financial Statement altogether unnecessary, unless it be the intention of the Government to propose some change in the fiscal policy of the Country or introduce some new form of taxation. Although we intend to do neither this Session—no necessity having arisen for such—still there are many reasons why another Statement should now be made. In the first place, as the late Treasurer had to estimate his revenue for the last quarter of the year, it becomes necessary that I should restate the account for 1878, and show the result of the completed year's transactions. In the second place, I have to lay before the Committee our Estimates of Revenue and Expenditure for the present year, and explain, as I have already said, wherein they differ from those submitted by our predecessors. I have also to explain the intentions of the Government with regard to the accumulated surpluses of former years ; to inform honorable members how we intend to deal with the question of the special deposits ; what we intend to do with respect to loans ; and to disclose the railway policy of the Government. It must, I think, be admitted that these are all important matters, demanding the most careful consideration of the Committee. It cannot I think be fairly charged against us that undue delay has arisen in submitting the Estimates of Expenditure for the present year when the short time which has been at our disposal is taken into consideration ; nor can we be blamed, reasonably, for

having resorted to the objectionable practice of taking monthly Supply Bills—a practice which seems to have become chronic in our financial system—seeing that such a course is now rendered unavoidable. In saying that I hope this may be the last session in which temporary Supply Bills may be required, I trust I shall not be considered either presumptuous or egotistical. Honorable members are probably aware that none of the Expenditure Estimates submitted by the late Government, excepting a few items included in a temporary Supply Bill, were dealt with by the Committee prior to the resignation of the Ministry in December last. In consequence of this backward position of our financial arrangements, the accounts now submitted with the present Ways and Means are, with one exception, necessarily of the same character, and for the same years as those submitted by the late Treasurer. The main differences in the accounts for the years 1877 and 1878 consist of such corrections and additions as the lapse of time has rendered necessary. For 1879 they are of a more varied character, and will require a fuller explanation, which I shall place before the Committee when the account for that year is under review. The accounts submitted and explained by my predecessor in November last were the following:—1. An account of the revenue and expenditure for 1877. 2. An account of revenue and expenditure for 1878. 3. An account showing the proposed expenditure in relation to the estimated income for the year 1879. From the Ways and Means, that will shortly be circulated, it will be seen that I submit accounts of a similar description, together with an entirely new account, which as a matter of convenience I designate the "Surplus Revenue Account," and which I have marked No. 3, and interposed it between the Account Current for 1878 and the Estimated Account for 1879, as for reasons, which I will hereafter explain, I have considered that its proper position. To enable honorable Members to follow me readily, I will deal with the accounts in the order in which I have given them in the Ways and Means. Under this arrangement the first to come under review is the account for 1877. This is an account with which of course I have had nothing whatever to do, and it is one which, under a former arrangement, would have been closed long before this. Owing however to the very late period—11th October, 1877—at which the Appropriation Act for that year's services was passed, it was deemed necessary by the Government then in office to insert a new clause in that Act, which has had the effect of keeping all appropriations alive for one year after the year for which they were taken. Although this arrangement is attended with many advantages in connection with votes for Public Works, still it delays very seriously the final closing of each year's accounts. This disadvantage is however, in my opinion, more than counterbalanced by having the votes, more especially those for Public Works, available for a longer period than was formerly the case when, it may be remembered, lapsed votes had in too many instances to be re-voted and made charges on subsequent years. With these preliminary observations I will now proceed to show the present position of the account for 1877, which it has been found impossible to close entirely and finally as there are many important works and services now in progress, for the completion of which it is necessary to reserve funds, as the contracts or engagements for carrying them out were duly made within the time allowed by law. It will be seen by reference to the statement marked B, page 54 of the Ways and Means, that the sums reserved to cover these incompleted and in some cases uncommenced works and services, amount to £504,323 10s. 11d. By a reference to the account for 1877, submitted by the late Treasurer with his Ways and Means of 6th November last, it will be observed that £300,000 was taken credit for as the probable amount of appropriations for that year not likely to be required for expenditure. A more careful estimate has since then been rendered practicable by the expiry of the two years within which contracts or engagements could be made for the carrying out of public works or services of a special nature. That estimate has now been made, and, as will be seen from statement B, above referred to, the appropriations written off as not likely to be required amount to the large sum of £409,597

10s. 10d., which is £109,597 10s. 10d. in excess of the former estimate of these savings, and is exclusive of the Treasurer's advance vote of £60,000, which also lapsed, by effluxion of time, and was written off on 31st December, 1878. Indeed, it is probable that a very considerable portion of the £504,323 10s. 11d., referred to as having been reserved for future expenditure, will yet have to be written off from causes, which are not at present foreseen. The authorized expenditure of 1877 (including the small Supplementary Estimate of £29,685 3s. 6d., now before the House) amounted to £5,903,492 16s. 1d., a sum very much in excess of any previous year and even largely in excess of the authorized expenditure for 1878 and the proposed expenditure for 1879. Notwithstanding this unusually large expenditure for 1877 it is still considerably within the revenue of that year, which in its turn was larger than any preceding year; for while the *actual* expenditure is estimated to amount to £5,433,895 5s. 3d., the net revenue amounted to the large sum of £5,748,245 17s. 5d., thus leaving a surplus of £314,350 12s. 2d. The following statement shows wherein the present account for 1877 differs from the one submitted by Mr. Cohen on the 6th November:—The estimated accumulated surplus on the 31st December, 1877, as now shown in the account submitted, marked No. 1, amounts to £2,425,754 5s.; the surplus shown in the corresponding account, submitted by Mr. Cohen with his Ways and Means of November last, was £2,331,610 13s. 7d.; which shows an increase of £94,143 11s. 5d. As full particulars of this increase will be found in the explanatory statement referred to, I will not weary the Committee by reading them now. I may, however, say that it arises chiefly from the lapsed votes having largely exceeded the anticipations of my predecessor, who, as he only took office in December, 1877, had almost as little to do with the transactions of that year as myself. We now come to the account for the year 1878, which I may be permitted to allude to as that of the late Treasurer, for notwithstanding the present Government came into office in December last, I am not aware of any action on our part that had the effect of disturbing to any appreciable extent either the revenue or expenditure of that year. I take the opportunity now afforded me of congratulating my hon. friend opposite on the revenue of the year having largely exceeded the estimate made by him in November last. That increase, which was £76,000, was however entirely due to the sales of land by auction which realized £130,000 more than was anticipated. The difference between these two sums arises from the receipts under other heads not having come up to expectations. The Customs for example were short of the estimate to the extent of £14,000, Railway Receipts £16,000, Annual Land Revenue £30,000, and Post Office £8,000. In the Ways and Means submitted by the late Treasurer on the 31st January, 1878, when he made his first Financial Statement, the revenue of that year was estimated at £4,873,750. On the 6th November last, when he made his second Financial speech, and with nine months' actual receipts as a guide, it was estimated that the year's income would reach £4,915,134. Large as these Estimates were considered at the time, it is satisfactory to find that they both fell considerably short of the actual outcome of the year, which amounted to the sum of £4,991,919, being £118,169 in excess of the former, and £76,785 of the latter, estimate. I would here point out that I have reduced the estimated expenditure of my predecessor for 1878 to the extent of £36,000. In the Supplementary Estimates submitted to the House by the late Government on the 30th October last, that sum was placed under the head of Secretary for Lands "for purchase of land adjoining the Necropolis, Haslem's Creek, for public purposes, 1,440 acres." Now as we did not consider that this sum could, with propriety, be charged to the year 1878, we resolved to strike it out and make it a charge on the surplus revenue account which I will have to deal with shortly. I may also here take the opportunity of stating that certain items included in the Supplementary Estimates of the late Government, but afterwards provided for in the temporary Supply Bill of December last, have been left off the Supplementary Estimates submitted by me on the 7th instant. They were as

follows :—Stores and stationery, £8,000; Public Works—Harbours and Rivers Department, £8,500; railway working expenses, £60,000; additions and alterations to stations, &c., £10,000,—making in all £86,500. In the account for 1878, submitted on the 6th November last by Mr. Cohen, the expenditure for that year, including a supplementary estimate of £218,819 18s. 4d., was estimated at £4,940,219 2s. 6d., and the revenue as already stated at £4,915,134, thus showing a deficiency of £25,085 2s. 6d. In the account now submitted for 1878 it will be seen that while the actual revenue of the year amounts to £4,991,919 6s. 6d., the expenditure is estimated to amount to £4,942,749 12s. 8d., leaving thereby a surplus of £49,169 13s. 10d. This favourable change in the state of the account is chiefly the result of an increase in the revenue, as compared with the last estimate, of £76,785 6s. 6d., as the estimated expenditure in both accounts is nearly the same. The following statement will, however, show more clearly wherein the present account for 1878 differs from the one submitted by Mr. Cohen :—Estimated accumulated surplus, 31st December, 1878, as per account now submitted, £2,474,923 18s. 10d.; estimated surplus on same date, as per Mr. Cohen's account, £2,306,525 11s. 1d.; increase of surplus, £168,398 7s. 9d., which arises in the following manner, viz. :—Additional credits —increased surplus brought forward from the account of 1877, £94,143 11s. 5d.; revenue of 1878 in excess of estimate, £76,785 6s. 6d. Total additional credits, £170,928 17s. 11d., from which has to be deducted an increase in the estimated expenditure to the extent of £2,530 10s. 2d., thus making the increase above shown £168,398 7s. 9d. I would here pause in my explanation of the accounts to state to the Committee the position of the Treasury balances on the 31st December last, as exhibited by the books of the department. In the last explanatory statement these balances were given as they stood on the 30th September, 1878. Since then the aggregate balance has somewhat diminished; but that arises from payments on account of railways and other public works having been heavier than usual during the last quarter of the year. By a reference to page 135 of the present Ways and Means, the aggregate amount of these balances on 31st December last will be found to be £3,358,535 13s. 1d., whereas on 30th September preceding the aggregate amount was £3,519,696 9s. 3d., thereby showing a reduction of £161,160 16s. 2d. The following is an abstract of the Treasury balances as they stood on the last day of the year 1878, viz. :—Consolidated Revenue Fund, £1,922,783 19s. 6d.; old loans account, £170,095 17s. 9d.; trust fund, £990,284 2s. 11d.; special loan funds, £275,371 12s. 11d.,—making a total of £3,358,535 13s. 1d. This amount was distributeed as follows, viz. :—Bank of New South Wales—London branch—balance 30th September, 1878, £380,448 4s. 2d.; Head Office, Sydney—Public Account, £399,730 11s. 6d.; Special London Funds, £150,371 12s. 11d., making together a sum of £930,550 8s. 7d. in Bank of New South Wales. Special deposits in the undermentioned banks, viz. :—Bank of New South Wales, £331,818 4s. 2d.; Australian Joint Stock Bank, £189,611; City Bank, £237,013; Oriental Bank, £237,013; Bank of Australasia, £165,909; Union Bank of Australia, 190,909; English, Scottish, and Australian Chartered Bank, £140,909; London Chartered Bank £165,909; Mercantile Bank, £165,909, in all £1,825,000. Cash in the hands of the Receiver, subsequntly deposited in the Bank of New South Wales, £20,938; total cash balance, £2,776,488 8s. 7d. To which has to be added the amount of the securities in the Treasury Chest, viz. :—£582,047 4s. 6d.; making a grand total of £3,358,535 13s. 1d. as above shown. It is necessary to explain that the cash balance of £380,448 4s. 2d., represented to be at the credit of the Government in the London branch of the Bank of New South Wales on the 30th September last, was the balance according to the books of the Treasury, which was however £164,235 2s. 10d. in excess of the balance shown by the accounts furnished by the Bank. This difference is the amount of certain payments made by the bank which had not been passed through the Treasury books on the 31st December last. As I have already informed the Committee

that I should state the intentions of the Government with respect to the Special deposits in the banks, I take this opportunity for supplying that information, as it seems to me the most fitting part of my statement for the purpose. In doing so I will, however, have to trespass upon the patience of the Committee while I narrate the history of certain transactions with respect to our London account, with which the Committee should be made acquainted, as it has a material bearing on the question of "Special Deposits," and their ultimate disposal. I have no doubt it will be in the recollection of honorable members that the late Government sent home, in August last, debentures to the nominal value of £1,500,000 for negotiation there under certain conditions. In his last financial speech my predecessor stated that this was done "in view of the then highly favourable state of the home money market, and the prospective outlay in connection with public works and otherwise, both here and in England." No doubt this was the ostensible reason, but I think my honorable friend opposite will admit that another and a very sound reason was that any sudden withdrawal of a large portion of the "Special Deposits" from the banks in Sydney would have been injudicious, and probably attended with disastrous effects to the community at large. That this view was then entertained is proved by the fact that he drew against the securities sent home to the extent of £200,000, the Bills for which have now matured, and the amount charged against the Government public account with the bank of New South Wales in London. A short time before the present Government came into office our predecessors had, in view of their requirements in London, arranged with the Bank of New South Wales for a further advance there of £300,000. This advance was for a period of three months from 1st January last; consequently it falls due on the 1st April next, together with the previous advance of £200,000. Feeling assured that in the present state of the money market at home there was very little chance of the price of Colonial securities, of which those of this colony stand highest, reaching for a considerable time to come such a price as would justify me in recommending the sale of the debentures now in London, I arranged with the Bank of New South Wales for a renewal of these advances for a further period of six months, as I felt satisfied, and my colleagues agreed with me, that it would be unwise to transmit at the present time so large a sum as £500,000 from the colony. This money could only have been taken from the Special deposits, or partly from these and partly from the Public Account, and its withdrawal would in all probability have increased the temporary depression of the trade and commerce of the Colony. After mature consideration, therefore, I resolved on the course I have mentioned as the one not only most politic but positively the least expensive to the colony. In support of this I cannot do better than read to the Committee the minute which I prepared on the subject for the Cabinet, which was duly approved and acted on—"Treasury Minute. The Treasury, New South Wales, Sydney, 13th January, 1879. Subject—Loan, *re* sale of debentures.—I have carefully perused all the papers having reference to the loan proposed by my predecessor; and from these I find that in August, 1878, Mr. Cohen, 'in view of the financial requirements of the Government,' decided on availing of the borrowing powers, to a limited extent, conferred on the Government; and with this object, sent through the Bank of New South Wales to their London office debentures for £1,500,000 for sale, under and by direction of the Agent General, Sir Daniel Cooper, and Mr. Larnach, who formed a board for the purpose. General directions were given, but no minimum was fixed by the Government, and the London board were requested to name a minimum, submitting same for approval of the Government before acting. Several cablegrams and letters confirmatory passed between the Government and the London board, as to the minimum and prospects of the loan being floated, and the latest official information is a cablegram from the Agent General, dated the 7th December, 1878, thus:—"Board twice met. Loan prospects no better. Canada £3,000,000 4 per cents. yesterday. Half only taken at £96 10s., with half Imperial guarantee. Possibly ours succeed at £93. Shall we try?" The Government, against the debentures thus sent through the Bank of New South Wales, obtained an advance of—£100,000

on 1st November, 1878; £100,000 on 1st December, 1878; and £300,000 to be paid 1st January, 1879; the whole amount of £500,000 to be repaid the Bank of New South Wales in London on 1 April, 1879, and such advances were to bear interest as made, and to be 1 per cent. above the Bank of England rate during the currency of the advance, but not to be less than 5 per cent., and the advance was not in any way to be considered as suspending or altering the present agreement with the Bank of New South Wales for the conduct of the general banking business of the Government. Thus £500,000 has been obtained from the Bank of New South Wales in London, against debentures for £1,500,000 forwarded for sale, and which, under the agreement, is repayable in London on 1st April, 1879. It appears from the official message from the Agent General, as also from the cablegrams in the public Press, that the London money market is very depressed. Although the feeling is easier than it was a few weeks since, yet it is very doubtful if the minimum of £93, suggested in the message of the Agent General (and which I could not recommend being accepted) could now be obtained; but even supposing the loan could be placed in the market at £93, I think it would be injudicious to do so, in view of the fact that the Government has large cash surplus special deposits in the various banks, as also in the general interests of the country. I would therefore recommend that a message be sent to the Agent General instructing him to suspend any action towards floating the loan until further advised, or until the money market considerably improved. The question now arises, how are funds to be provided in London on 1st April, 1879, to recoup the Bank of New South Wales the special advance of £500,000, obtained against the debentures, if not sold in the meantime, which is not probable? The necessary amount cannot be withdrawn from the Current Revenue (Public Account), and to me there appear only two courses open:—First, to withdraw from the banks holding special deposits, giving the usual thirty days' notice as required by the agreement, say from £300,000 to £400,000, and withdrawing from the Public Account, if at the time it will admit of this—and I think it will—the balance required, and remit these amounts to London by draft, or as provided, thus covering the advance of £500,000; or, second, to continue the present special advance of £500,000 from the Bank of New South Wales, for a period to be arranged, or until the London money market improves, so that the debentures can be sold to advantage. These appear to me the only two courses open; and having very carefully considered the subject I have come to the conclusion that the second course, viz., "to continue the advance," is the one the Government should adopt, for the following amongst other reasons:—That this special advance was obtained against the debentures, and to be recouped after the sale of same, and that the special deposits and Public Account were not intended to be disturbed to defray this special advance. That while having every confidence in the ability and readiness of the banks holding special deposits to repay, in terms of the agreement under which such deposits were obtained, to the Government as required, yet, having in view the general interests of the country and the present depressed state of the money market in this Colony, I think it would be injudicious to call up at so short a notice as thirty days the large sum of £300,000 or £400,000, most probably the latter amount; and while I have every confidence in the banks paying this or even a much larger amount, yet it would, there can be no doubt, have a very prejudicial effect on the trade and commerce and the banking operations of the Colony. In recommending the second course, I do so also from the fact that the country will sustain no loss thereby, but on the contrary, a financial advantage and an indirect as well as direct gain, thus:—Suppose the Government continue the present special advance of £500,000 so obtained from the Bank of New South Wales pending the sale of debentures for a period of (say) twelve months—a period much in excess of the time I anticipate necessary—at 6 per cent. per annum, the rate now payable according to the latest cablegrams, and adopting this course and paying this rate of 6 per cent. in London, in preference to withdrawing the special deposits from the banks here, on which the Government receive only 4 per cent., for

the purpose of remitting to London, there will be, irrespective of any direct and indirect advantage to the country, an actual profit to the Government of 5s. 3d. per cent. per annum, or £1,312 10s. on the amount of £500,000. We are receiving on our special deposits 4 per cent. per annum, and when notice is given to withdraw any portion of such deposits under the Bank agreement, interest ceases on the amount to be withdrawn from the date of such notice. For the amount so withdrawn we obtain from the Bank of New South Wales a draft on their London Office at sixty days' sight, for which the Government would pay 15s. per cent. premium, being ¼ per cent. under the current rate. This draft will take about forty-five days to arrive in London, and sixty-three days afterwards to mature, or 108 days, and add to this the thirty days on which, under the Agreement, the interest ceases here before the money is received, or in all 138 days before the money can be availed of in London. Thus take £100, at 4 per cent. per annum is £4; £100 draft, at ¾ per cent. premium, 15s.; £100 for 138 days, at 4 per cent. per annum, £1 10s. 3d. (which of course is a saving, and as such must be taken into the calculation), and the Government pay £6 5s. 3d. if the money is withdrawn from the banks here and remitted to London, as against £6 per cent. per annum on the present advance if continued, and if the Bank of England rate fell to 4 per cent. (and by recent cablegrams there is every probability of this at an early date). The Government would then only pay 5 per cent. per annum; and at this rate, on the course recommended, there would be a direct profit to the Government on the transaction of £6,312 10s. Putting aside the question of any pecuniary direct gain to the Government, but taking the larger grounds of the general benefit to the country, I recommend for the consideration of my colleagues the desirability of continuing the special advance of £500,000 from the Bank of New South Wales in London, for such period as may be arranged, and at a rate not to exceed 1 per cent. above the Bank of England rate, or until the London money market improves, so that the debentures against which such advance was specially made can be sold at a satisfactory price.—J. W. Cabinet concur in the Treasurer's recommendation.—H.P., 13/1/79." From the views I have expressed in this document honorable members will see that it is not the intention of the present Government to withdraw these special deposits from the banks suddenly, or in large amounts, but rather to do so gradually, and chiefly for carrying out the services specified in the Surplus Revenue Estimate, and for advances to the Loan Accounts, pending the realization of debentures. Having thus disposed of all those matters which have a more direct reference to past years, I now desire to draw the attention of honorable members to an account which is submitted for the first time with the Ways and Means, and which at the outset I stated I should as a matter of convenience designate "The Surplus Revenue Account." It is marked No. 3, and follows the account for 1878, because it shows how the estimated accumulated surplus at the close of that year is made up. The object in view in presenting an account of this nature is to show clearly the manner in which it is proposed to absorb the accumulated surpluses of previous years. These surpluses began to accrue in 1872, and have been accumulating year by year up to the present time. Being almost entirely the proceeds of Land Sales, they have consequently varied in amount with the area of land disposed of annually. The following figures show exactly the gradual increase of these surpluses during the last seven years:—

Year.	Revenue. £	s.	d.	Expenditure. £	s.	d.	Surplus. £	s.	d.
1872	2,794,224	7	7	2,652,813	1	1	141,411	6	6
1873	3,323,229	19	6	2,739,066	10	11	584,163	8	7
1874	3,528,884	8	9	3,343,845	18	2	185,038	10	7
1875	4,121,995	11	3	3,377,301	6	2	744,694	5	1
1876	5,033,828	6	3	4,577,732	4	2	456,096	2	1
1877	5,748,245	17	5	5,433,895	5	3	314,350	12	2
1878	4,991,919	6	6	4,942,749	12	8	49,169	13	10
Making a total surplus on the 31st December last of							£2,474,923	18	10

As this large sum simply represents so much of the Public Estate realised in excess of the annual requirements of the Government, it has been deemed right and proper that no portion of it should be used to meet the ordinary expenditure of future years, but rather that it should be used only for carrying out Public Works of admitted general utility, for the erection of important public buildings and for other services which cannot fairly be considered a charge upon the revenue of any one year in particular, and which in the absence of such surplus would probably have to be provided for by loans. For the purpose of giving these views practical effect, a separate estimate has been submitted for the consideration of the Committee, containing all those items (and a few others besides) which the late Government embodied in the Estimates-in-chief for 1879, and which they considered fair and legitimate charges against the accumulated surpluses of previous years. Instead however of only charging against the surplus, as the late Government did, sums on account of these services, the present Government have charged the full amounts which it is estimated by the proper officers will be required to complete them. The account now submitted in connection with this surplus is divided into two parts, numbered respectively I and II. Part I is simply a statement of assets and liabilities, from which it will be seen that the assets exceed the liabilities by the sum of £2,474,923 18s. 10d., which is the same as the estimated surplus shown in the account for 1878. In part II that surplus is brought down on the credit side, and against it there is charged on the debit side the sum of £1,210,000, being the amount of estimated expenditure for public works and other services which it is proposed, in the separate estimate now before the Committee, should be defrayed therefrom. Deducting this proposed expenditure from the surplus there is still left the large balance of £1,264,923 18s. 10d. This balance, or remaining surplus, is of course available under the arrangement proposed for any service of a character somewhat similar to those alluded to and will be strictly reserved for the purpose. The following are the services which it is proposed to charge against the surplus, viz.:—Towards the completion of the Prince Alfred Hospital, £20,000; special grant to country and suburban Municipalities equal to half the rates in each case for the municipal year ending 4th February, 1879, £34,000; special grant to the Corporation of Sydney for the year 1879, £25,000; for the purchase of land adjoining the Necropolis, Haslem's Creek, for public purposes, 1,440 acres, £36,000; breakwater, Clarence River, £20,000; prison buildings, &c., Trial Bay, further sum, £30,000; dredge for rivers and lakes, £15,000; dredge, tug, and punts for Manning River, in the first instance, £18,000; punts for dredge service, £13,000; new dredge, &c., Sydney Harbour, £15,000; for providing water supply for country towns, £250,000; erection of light-house, Cape Green, £17,000; for the erection of a new lunatic Asylum at Callan Park, £127,000; for the completion of public offices for the Lands Department, further sum, £35,000; for the completion of new public offices for Department of Public Works and Colonial Secretary, further sum, £45,000; for the erection of new Free Public Library, £150,000; for the erection of new Law Courts, £210,000; for the extension of the new General Post Office, including £13,300 payable to the Honorable Alexander Campbell, under arbitrators' award, for resumption of land in Pitt-street, £150,000; making a total of £1,210,000. Honorable members will have observed amongst these items of proposed expenditure against the surplus revenue, that we propose a special grant of £25,000 to the Corporation of Sydney for the present year. They will also have observed, no doubt, that the usual annual grant of £10,000 in aid of the City Funds has been restored to the Estimates-in-chief for 1879. These amounts, which are for this year only, are intended by the Government to be over and above the annual sum of £25,000, which will be secured for a period of ten years to the Corporation should the Bill now before the House become law, of which I believe there is every prospect. It will also be seen that we have placed on the surplus revenue estimate £34,000 as a special grant to country and suburban municipalities. As these two special grants—£25,000 and £34,000—are to enable

Sydney, suburban, and country municipalities to carry out improvements for which the rates they are authorized by law to collect are found inadequate, the Government have considered them fair charges against the surplus revenue of former years. Some honorable members may be inclined to question the propriety of charging some of the items which I have just read to the surplus revenue account, but I think good and sufficient reasons can be shown for the course proposed when the estimate comes on for discussion. It has over and over again been maintained that our surpluses should be specially set aside for Public Works and other services which are fairly chargeable to the land revenue of the colony, out of which they really have arisen. The Government therefore, in the arrangement now made, are simply carrying out their views of what they believe to be right and expedient in dealing with the surplus revenue; and in these proposed appropriations we have thought it best, where it can be done with an approach to accuracy, to take the full amount required for a particular service, instead of adopting the plan of setting down a sum on account, which always leaves it difficult for honorable members to bring into one view the total cost of any specific object of expenditure. In future this surplus revenue account should alway show how the surpluses of previous years—the existence of which has so frequently been questioned, and I candidly admit that I was one of those who had great doubts on the subject—are being disposed of. Without the consent of Parliament the surplus should never be drawn upon to make good any deficiency in current revenue. On this principle I have acted, for in the account for 1879, to which I shall next draw the attention of honorable members, I have brought forward no surplus, but have simply set against the estimated revenue the expenditure properly chargeable to the year. Having examined this surplus revenue account very carefully, I have no hesitation in saying that the estimated accumulated surplus at the close of 1878 will be fully realized. Of course, in making this statement I take it for granted that the advances made in 1878 and previous years from the Consolidated Revenue Fund to the Loan Fund will be repaid when the authorized loans on their account have been negotiated. I now come to the Estimated Account for 1879, for which the present Government are entirely responsible. I may however say that the Estimates now submitted are virtually those of our predecessors. Pending further inquiries and more satisfactory reasons for the numerous increases to salaries of public officers on those Estimates we felt compelled to disallow almost the whole of them. The few left on will be justified when the Estimates submitted by us come on for discussion. I have already, in dealing with the surplus revenue account, referred to those public works items which have been removed from the general Estimates of the late Government and placed on the estimate of proposed expenditure out of the accumulated surpluses of former years. We have also withdrawn the £10,000 for locking the Darling until we are satisfied of the utility and practicability of such an undertaking, as well as of the actual amount which will be necessary to complete such a work. The amount estimated by my predecessor for interest on the public debt has been reduced by the sum of £45,000. This amount, I understand, was put on in the expectation that the debentures forwarded to London in August last would be sold during the last quarter of 1878, and that three quarters' interest would require to be paid out of the revenue of 1879. In consequence, however, of the sudden fall in the price of Colonial securities, and the then depressed condition of the English money market, our debentures were not offered for sale, and in all probability will not be negotiated for some considerable time, so that no interest can in that case become a charge upon this year's revenue. The great difference between the estimated account for 1879 now submitted and the one submitted by the late Treasurer is the elimination from the former of the accumulated surpluses of previous years. This account is now commenced as it were with a clean sheet and contains on the one side the amount of the estimated revenue, and on the other the amount of the probable expenditure of the Government, as set forth in the Estimates-in-chief, to which is added the

sum of £50,000, appropriated by the Act 42 Vic. No. 6, passed in January last, towards meeting the expenses connected with the International Exhibition to be held in Sydney during the present year. The revenue as now estimated is in excess of the estimate of Mr. Cohen to the extent of only £65,000, which is an increase under the head of balances of conditional purchases. Under the eighth section of the Crown Lands Amendment Act of 1875 it is provided that, where the balance is not paid in full at the expiration of three years from date of purchase, an instalment of one shilling per acre *must* be paid, on all lands conditionally purchased subsequently to the passing of that Act (which took place on the 10th August, 1875), within three months after the said term of three years. In consequence of this provision it is estimated that balances will be paid up during the first quarter of this year to the amount of £65,000 over and above what is anticipated will be received under the operations of the law of 1861. In other respects the two estimates are alike. There are, however, several variations in the Estimates of expenditure, the most important of which is the transfer to the surplus revenue account of those amounts for public works and buildings, to which allusion has already been made, which the late Government considered fair charges against the surpluses of former years, although they did not deem it necessary to remove them from the Estimates-in-Chief and embody them in a separate estimate. The Estimates submitted by the late Treasurer for 1879 amounted to £5,366,070 4s. 6d., while those now before the House amount to £4,919,893 11s. 2d., thus showing a decrease as compared with Mr. Cohen's, of £446,176 13s. 4d., which is chiefly accounted for by the withdrawal from the late Government's Estimates of the following items, which are considered proper charges against the Surplus Revenue Account:—Towards the completion of the Prince Alfred Hospital, £20,000; Breakwater, Clarence River, £20,000; Prison buildings, &c., Trial Bay, further sum, £10,000; Dredge for rivers and lakes, £15,000; Dredge, Tug, and Punts, for Manning River, in the first instance, £18,000; Punts for dredge service, £13,000; new Dredge, &c., Sydney Harbour, £15,000; erection of light-house, Cape Green, £17,000; towards the erection of a new Lunatic Asylum at Callan Park, £25,000; towards the completion of Public offices for the Lands Department, further sum, £35,000. For completion of new Public offices for Department of Public Works and Colonial Secretary, further sum, £45,000, towards the erection of a new Free Public Library, £75,000; towards the erection of new Law Courts, £20,000; towards the extension of the new General Post Office, including £13,300 payable to the Honorable Alexander Campbell under arbitrators' award, for resumption of land in Pitt-street, £50,000, making a total of £378,000, to which has to be added the following sums struck out of the Estimates, viz:—Locking the Darling, £10,000; Interest on Public Debt not required in consequence of the non-sale of the Debentures now in London, £45,000, thus bringing the withdrawals up to £433,000. In addition to these there have been several other variations of minor importance that make up the difference between the two estimates, but which it is considered unnecessary to specify here in full detail. Deducting from the estimated revenue viz.: £5,096,155, the estimated expenditure, which amounts to £4,969,893 11s. 2d., there is left an estimated surplus of £126,261 8s. 10d. Before closing my remarks on the account for 1879, I desire to inform the Committee that I intend to bring in a Bill for the purpose of abolishing the duty on gold, as the present Government hold the same views with reference to this tax that were held by their predecessors. The loss which the revenue will sustain by its abolition is only about £8,000. Although I have adopted the estimate of my predecessor for sales of land by auction, it is not our intention to dispose of more land in that manner than may necessary to meet the requirements of the year. Should other sources of revenue yield larger amounts than estimated, which I think very probable for various reasons, then the Government may consider it advisable to reduce the sales of land by auction to a corresponding extent. It is expected that during the period the Exhibition is open the railway receipts will be largely

increased, and consequently that the large estimate of the Commissioner for Railways will be fully realized. In the Ways and Means no credit has been taken for the fees which will be derived from the Exhibition when opened to the public. These will doubtless amount to a very considerable sum, and taken in connection with the proceeds of sale of materials when the building is taken down, will go a long way towards recouping the Consolidated Revenue Fund for the expense incurred in its erection, and for the general management of the Exhibition itself. Apart altogether, however, from these receipts, the indirect advantages which the Colony will derive from this grand undertaking cannot be over-estimated. The Government having taken the entire management of the Exhibition into their own hands, and having appointed a Commission to carry out all the necessary arrangements, are determined to do all in their power to make the undertaking a complete success, as well as a credit to the Colony, and something worthy of the visitors whom we may expect from the neighbouring colonies, Great Britain, and other countries of the world. We, therefore, trust that the year 1879 will long remain one of the most memorable in the annals of the Colony, and the first of a new era of unexampled prosperity and national progress in all those arts and sciences which tend to promote the happiness and well-being of a civilized people. Having now, Mr. Cameron, explained our present financial position, and our prospects for the year upon which we have just entered, so far as the Consolidated Revenue Fund is concerned, I would for a short time direct the attention of the Committee to the state of our loan accounts. Of these I find that there are no less than eleven separate and distinct funds which, under the terms of the various Acts constituting them, must always be kept separate one from the other. This arrangement was first introduced by Sir James Martin, in June, 1871, when he was at the head of the Administration then in power. In the Loan Act of that year he inserted the following new clause:—"All sums borrowed under this Act shall be paid to the Colonial Treasurer and shall by him be placed to a separate credit to be called 'The Loan Fund' and no part of the money so borrowed shall on any pretence be paid used or applied directly or indirectly either temporarily or otherwise to or for any public purpose other than the purposes respectively to which the same is hereby directed to be applied." This clause has continued to be inserted in every Loan Act from that time up to the present. At the time of its introduction fears were entertained that moneys borrowed under Loan Acts would be used to meet deficiencies in the ordinary revenue, as was asserted had been done formerly. Since that year, however, the revenue has increased so rapidly that in place of deficiencies there has been a very considerable annual surplus, so that the necessity for keeping each loan fund account separately does not now exist. So flourishing indeed has been the state of the Consolidated Revenue Fund during the last six or seven years that advances have from time to time been made therefrom to the Loan Funds to the extent of £3,065,000, of which there remained unpaid on the 31st December last, £1,950,000. These numerous loan accounts are really becoming cumbrous, inconvenient, and useless as distinct funds. For example, if we had £200,000 to the credit of one of those funds which we did not require for immediate expenditure we could not, in consequence of the clause referred to, make use of that money for a pressing service authorized by another Loan Act, but for which the money had not been raised. As this is a state of matters which I think should not exist, it is my intention to bring in a short Bill this session which will provide that moneys borrowed under one Loan Act may be applied, if necessary, to services provided for under another. In other words, that all existing and future loan funds shall form one general loan account only, and that the money borrowed under any particular Loan Act may be applied indiscriminately to any duly authorized Loan Service. The Bill shall, however, also provide that money so borrowed cannot be used for any purpose outside the Loan Acts. I find that I am supported in my view on this subject by the Auditor General, who in his report on the Public Accounts of 1877, made the following

remarks :—"The time has arrived when the amalgamation of the separate loan funds might with advantage, in my opinion, be sanctioned. The checks which the Audit Act provides upon the issue of public moneys are such as to prevent the misappropriation of loan funds to other purposes than those for which they are voted. There are now, in addition to the 'Old Loans Account,' which is included with the Consolidated Revenue in the Public Account,' no less than ten separate Loan Accounts in the books of the Treasury and Audit Departments, involving multiplication of labour without any corresponding benefit." On the 31st December last the amount of appropriations for railways, public works, and other services, remaining unexpended, was £2,774,040 1s. 10d., and the amount due to the Consolidated Revenue Fund for advances, pending sale of debentures, was £1,950,000, making together a total liability of £4,724,040 1s. 10d., to meet which the following assets were avaiable, viz. :—Cash in the Bank of New South Wales, £317,072 9s. 7d. ; special deposits in other banks, £125,000 ; loans yet to be negotiated, £4,481,647 ; *less* amount drawn against the debentures transmitted to London, in August last, for negotiation there £200,000 ; advances not yet adjusted, £320 12s. 3d., giving a total of £4,724,040 1s. 10d. During the past year the payments for Loan Services amounted to £816,713 3s. 2d., distributed thus :—Railways, £723,437 7s. 3d. ; electric telegraphs, £12,168 0s. 7d. ; harbours and rivers improvements, £35,398 19s. 11d. ; public works and buildings, £34,836 9s. 2d. ; bridges, £10,872 6s. 3d. I find from the explanatory statement of the public accounts, which I will shortly place in the hands of honorable Members, that our total loan expenditure from the time we first began to borrow up to 31st December, 1878, amounted to £13,836,729 19s. 8d., of which £10,139,464 14s. 7d. was for Railways, and £430,186 13s. for Electric Telegraphs. Deducting the amount of these two sums which have been expended on reproductive works, there is left a balance of £3,267,078 12s. 1d., that has been expended on other public works of a permanent and useful if not of a reproductive character. It fortunately for me, requires no argument now to prove the wisdom of borrowing money for reproductive works. As this is admitted by all enlightened nations, and so long as there is a prospect of fair returns for the outlay, I think we are perfectly justified in adhering to the practice. Our Public Debt if not the smallest of all the Australian Colonies is at all events less per head of population than that of any of our neighbours. On the 31st December last our debt was £11,724,019 9s. 2d., or only about £250,000 more than it was on the 31st December, 1870. In connection with this subject I may inform the Committee that a loan Estimate is now in course of preparation and that when closed finally no time will be lost in laying it on the table of the House. As the principal amounts included in that estimate will be for Railway extension, I will take this opportunity of indicating as briefly as possible the policy of the Government with respect to railways generally. Indeed there is no subject of greater importance to the present and future welfare of a country than its internal communication, which it has been universally conceded can best be secured by the construction of railways. Before I proceed to lay before the Committee the proposals of the Government and to state the amounts which will be necessary for the construction of the lines proposed, and within what periods such amounts will be required, it would be well, I think, that I should briefly review the Railway history of the past, and show in what manner our present Loans for Railway Services have been invested, and how far the transactions arising from the operations of the lines open for traffic appear to justify an extension of the system. We have at the present time 688 miles of railway open for traffic, viz. :—306 miles in the south ; 195 miles in the west, and 187 miles in the north ; the cost of these 688 miles of railway has amounted to £9,778,000, and at the close of 1877 the gross yearly revenue was £815,920, which, after deducting the working expenses, returned a net amount for payment of interest on capital of £396,935, yielding within a fraction of £4 10s. per cent. The returns for 1878 have not been completed, but it is known that from various causes, chiefly by the

reduction of rate carriage and the carrying out of extensive renewals, which have greatly increased the working expenses, the net returns will not be quite so favourable; but the fact that we have obtained £30,000 in excess of the estimated revenue is a sufficient indication that the extension of railway communication expands the existing and creates new sources of traffic to the ultimate benefit of the undertaking, and the promotion of the general prosperity of the Colony. To show the progress which has been made within the last ten years, I will compare the transactions of 1867 with those of 1877. In the ten years the number of miles open for traffic had increased from 204 to 598, or 193 per cent.; the capital expended increased from £3,282,320 to £8,883,177, or 171 per cent.; the interest paid on capital increased from £2 3s. 8¼d. to £4 9s. 4¼d., or 105 per cent.; the number of passengers carried increased from 875,671 to 2,957,144, or 238 per cent.; the tons of goods carried increased from 517,021 to 1,410,610, or 173 per cent. It is thus clearly shown that the expenditure for the construction of railways is a wise and profitable investment of the public funds which, while yielding a direct return on the capital expended, almost equal to the interest on the money borrowed, at the same time confers on the Colony indirect benefits which cannot be estimated in money. It will be observed that the 688 miles of railways now open for traffic already pierce the mountain ranges and connect the metropolis with the rich lands of the interior; and the extensions now in the course of construction will in a short time make the total number of miles close upon 900. Of the lines under contract, the extension of 81 miles from Wagga Wagga to Albury (a considerable portion of which I am assured will be opened within the present year) may be said to form the connecting link between this Colony and Victoria; and this main line, uniting Sydney to Melbourne, will, when completed, afford the first great experiment in Australia of railway communication with its termini in great populous cities, and will exhibit the commercial results of railway traffic where the conditions are similar to those of old countries. For my own part I expect the success of the through line between two centres of population numbering half a million of souls will surprise even its most sanguine advocates. The extension of 85 miles from Orange to Dubbo, another of the lines under contract, will also form a valuable addition to our railway system, and will greatly increase the facilities for settlement, and the industrial occupation of the extensive agricultural and pastoral country on the Macquarie, the Bogan, and towards the Darling. And added to these important works, the 41 miles extension from Werris Creek to Gunnedah taps one of the finest districts of the north. Besides the extensions just alluded to, Parliament has approved of the plans, sections, and books of reference, and has voted £600,000 for an extension of the main northern line to the district of Armidale and to Tenterfield, closely approaching the borders of Queensland. All these works will be pressed forward to completion with the least possible delay. No time will be lost beyond what is necessary to enable a right decision to be arrived at, in carrying a line of railway from some point on the main southern line to the important town of Hay; but although a sum of £384,000 has been voted for a line from Junee to Narrandera, with a view to connecting ultimately with Hay, it is felt that the great importance of the undertaking, arising from the vast extent of the country it is intended to open, fully justifies further consideration before the route is finally determined upon. Steps have already been taken to carry the railway from the Redfern station, through the city of Sydney, to the waters of Port Jackson, erecting a passenger station at a point convenient for the principal business streets. We hope to bring this proposal in a definite shape before Parliament in a few days, and we shall seek by special legislation to obtain the necessary powers to complete the work with the least possible interruption and delay. As an outline of our railway policy for the future, I desire to say that, though our scheme cannot be sufficiently matured to be submitted to Parliament this session, we shall be prepared early with proposals for connecting the Western and Southern Railways by a line between Blayney and

Murrumburrah, or some point on the Southern line near that town—for a line from Orange to Forbes—for lines from the Great Southern Railway to Cooma—and from Cootamundra to Gundagai—and for a line from the Southern and Western to the Great Northern Railway. These projected lines will give a total extension of upwards of 400 miles. The proposals of the Government for further and early extensions will embrace the country from Dubbo to Bourke, and that from Gunnedah to Narrabri, and also a line to the district of Mudgee. A system of suburban lines for the metropolis, and an estimate for their commencement, will be submitted for the approval of Parliament at an early date, and I do not hesitate to express my belief that the scheme proposed will give satisfaction to this Committee. It is estimated that to provide for the line already approved by Parliament, viz., from Tamworth to Tenterfield, a further sum of £1,612,000 will be required. For the line from Dubbo to Bourke, a distance of 227 miles, a sum of £1,450,000 will be required; and from Gunnedah to Narrabri, a distance of 60 miles, the sum of £370,000 will be required. There will be required for the line from the Western line to Mudgee the sum of £892,000, and for the extension into Sydney the sum of £300,000, exclusive of the cost of land and compensation to owners of property affected thereby. My honorable colleague, the Minister for Works, when submitting the various projects for the consideration of Parliament, will explain to the House in detail the reasons for adopting the various lines suggested, and how far they may be expected to realize a return upon the capital proposed to be invested in them. I may state generally, that the Government, in deciding upon the routes, have studied only to meet the requirements of the general community in the most beneficial way for the advancement of the country and the development of its vast resources. Without desiring to interfere unduly with those duties which more peculiarly appertain to the office of my honorable colleague, the Minister for Works, I think it right, nevertheless, that I should inform the Committee that it is the intention of the Government to make provision on the Loan Estimate, which I have already stated was in course of preparation, for Water Supply to Sydney and suburbs. Immediately Parliament has passed the necessary measure for this important purpose steps will be taken for commencing the works. Full details will, no doubt, be furnished by my honorable friend when the estimate comes before the Committee. Before closing I desire to recapitulate the more salient points of my statement, which are these: That the accumulated surpluses at close of 1877 exceed the estimate of the late Treasurer by £94,000—that in place of an estimated deficiency of £25,000 on the account for 1878, as formerly shown, there is now an estimated surplus of £49,000, arising chiefly from an increase in the revenue of the last quarter to the extent of £76,000—that there is in consequence a clearly ascertained total accumulated surplus at the close of last year of nearly two millions and a half—that the probable revenue of the present year will be £126,000 in excess of the estimated expenditure—that no change is proposed in the fiscal policy of the Colony for the present—that the Government intend to bring in shortly a Loan Estimate in which provision will be made for the extension of the railway into Sydney—for some of the more important extensions required in the interior, and for Water Supply for Sydney and suburbs. I have also shown how we propose to absorb, and to what extent, the surpluses of former years; what arrangements have been made to meet the public requirements in London; and what our intentions are with regard to the special deposits. Notwithstanding the severe and long protracted drought from which the Colony so recently suffered there is now a tone of hopeful confidence pervading the whole community, and it is to be hoped that the splendid season we are now enjoying, and the abundant harvest we have had in almost every district of the Colony, will recompense in some measure those who suffered most severely from the effects of that calamitous visitation of Providence. Fortunately the recuperative powers of the Colony are such that with occasional good seasons and prudent management on the part of those engaged in agricultural and pastoral pursuits, the losses of a bad year now and again are not attended with very disastrous results to the Colony at

large although individual losses may be very serious. I am not aware, Mr. Cameron, that there is any other subject of importance which I should bring under the notice of the Committee at this time. Indeed I am afraid I may have wearied honorable members with too much detail; but if so, my anxiety to place before them the fullest information respecting the finances of the Colony in as clear and intelligible a manner as I could, must be my excuse, and in conclusion I have to thank honorable members for their patience, attention, and forbearance during the delivery of this my first Financial Statement.

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE JAMES WATSON, made 10th December, 1879.

LEGISLATIVE ASSEMBLY.

10th December, 1879.

FINANCIAL STATEMENT.

MR. CAMERON: The important duty now devolves upon me of laying before the Committee the present and prospective financial position of the country; and in doing this as briefly as I can, I confidently rely on receiving from honorable members that kind indulgence and generous forbearance which was extended to me on a former occasion. It was my earnest desire to have made this statement at a much earlier date, but circumstances have occurred, over which I may say I have had no control, to prevent that desire being carried into effect. The late period of the year at which we have now arrived precludes the possibility of the Estimates for next year being passed before the close of the present. There will, therefore, I fear be no alternative, pending the passing of the Appropriation Act, but to again resort to the objectionable system of monthly Supply Bills, in order to carry on the services of 1880, a system which on a former occasion I expressed a hope would not be found necessary; but I trust the necessity will be limited to the first two or three months of the year at most. It will be remembered by honorable members that the last Financial Statement was made by me on the 12th February of the present year. On that occasion I stated to the House that, as the necessity had not then arisen, it was not the intention of the Government to propose any change in the fiscal policy of the country, or introduce any measure for the imposition of new taxation. My task then was, consequently, a comparatively easy one, as I had little more to do than explain the differences between the estimates and accounts submitted by my predecessor in November of the year preceding and those submitted by me. In discharging that duty, I took the opportunity however, of indicating as clearly as I possibly could the railway policy of the Government, and of informing the Committee how we intended to utilize the accumulated surplus revenue of previous years, as well as what our intentions were respecting the special deposits in the banks and other matters of equal interest. These were all important questions at the time, and I think honorable members will admit that they have been dealt with in a manner alike satisfactory to the House and the country. I could wish, Mr. Cameron, that the task now before me was as easy and as pleasant as the one I undertook in February last; although, in saying this, I do not wish it to be understood for one moment that I desire to shirk the responsibility which my position as Finance Minister of the colony imposes upon me at the present juncture. As honorable members are well aware from their general knowledge of the increasing necessities of the country, and, from the state of the revenue as exhibited by the published quarterly returns, that the time has arrived when it behoves the Government to propose new taxation with a view to equalize the revenue and expenditure, I feel

relieved from much of that embarrassment which otherwise I should have experienced in broaching such a subject. Although there is nothing in our present financial position to alarm the most sensitive amongst us, still it is such as to demand the most careful and dispassionate consideration, in order to ascertain to what extent our ordinary expenditure is likely to exceed our legitimate income. It is, I think, almost unnecessary for me to inform honorable members, as they must be pretty well aware of it, that our land revenue can no longer be expected to yield the large sums it has hitherto done. I do not refer to the annual revenue derivable from the temporary occupants of the public estate, as that must increase for many years to come, but to the revenue—if revenue it can be called—which is obtained from absolute and conditional sales of lands. The demand for land has very considerably diminished during the last two years—partly, I venture to say, owing to the general expectation that a new or amending Land Bill would have been passed long ere this, partly also to the increased upset price—which has certainly had a very depressing effect; but above all, to the fact that money is not so easily obtained now as it was formerly. The mania, for such it really was, for acquiring land, has, like all other manias of the kind, and which in this country seem to be of periodic recurrence, nearly died out. Future land purchases may, therefore, be expected to be of a more healthy and legitimate character. Notwithstanding the still very considerable amount which the land sales of this year will reach, this source of income is not to be relied upon to the extent it was formerly. In view of this falling off in our land revenue, it would be worse than folly to longer delay placing our finances upon a sounder basis—a basis which, to a certain extent, will render us independent of the proceeds of the sale of our national estate. No one, I should imagine, would deny that so long as these proceeds are faithfully and judiciously expended in improving the remaining portion of that estate, with a view to the settlement of the country and the increase of its population, by an industrious and suitable class of colonists, that it is right, and even commendable, to dispose of limited quantities of land every year. Unless, however, these objects are steadily kept in view, and the proceeds so applied, it must be abundantly evident that they would be absorbed in the ordinary expenditure of the country. If this system of meeting current expenses out of capital were long continued, it could not fail to end in the same ruin to the State which would befall a private individual if such an insane course of conduct were long pursued by him. It would of course be impossible now to stop entirely the sale of land by auction without laying ourselves open to the charge of doing an injustice to those who are desirous of securing areas of sufficient extent for either agricultural or pastoral purposes. As this is, however, a subject to which I shall again have to recur when I come to deal with the question of increased taxation, I shall leave it for the present. In the meantime it is necessary that I should explain to the committee the position of the public accounts generally. In doing this it may be advantageous to the committee, as it will certainly be convenient to myself, to state the order in which I propose to deal with my subject. First then, I shall show what the position of the Surplus Revenue Account was at the close of last Session as compared with the account submitted by me when I made my statement in February. It will then be my duty to show the changes which the lapse of time has brought about in that account, and to what further extent we propose to utilize the remaining surplus. In the second place I will show how the account for the present year now stands. Having in this way given a synopsis of our financial position to the close of the present year, I shall refer in a general way to other important matters of a collateral nature. After that I will show to what extent the revenue of 1880 is likely to fall short of the estimated expenditure of that year, and how the Government propose to meet the deficiency. In connection with these propositions I shall take the opportunity to review the progress made in the revenue of the Colony since the introduction of responsible Government, in order to show the Committee the direction which it has taken during the twenty-four years we have had the entire control of our own affairs. Following this arrangement

then, I have now to request the attention of honorable members while I deal, as rapidly as the nature of the subject will admit, with the accumulated Surplus Revenue Account. As the reading of accounts in detail generally drives honorable members who have no peculiar aptitude for figures from the Chamber, I shall endeavour to generalize as much as possible, leaving them, if so inclined, to study at their leisure the various statements attached to the Ways and Means, which I will shortly lay on the table. Last Session I adopted, as the Committee may remember, a new method of dealing with the surplus revenue of previous years. That surplus began to accrue in 1872. In that year it amounted to £141,000, and went on increasing year by year, until in 1878, it had reached, according to the estimate I made in February last, the sum of £2,474,923 18s. 10d.; which is about one half the entire income of that year. This surplus had accumulated so rapidly and had assumed such vast proportions, taking into consideration the population of the Colony, that its disposal to advantage was becoming a difficult question to deal with. Had the annual amounts which created this large surplus arisen from an excess of revenue proper over our ordinary expenditure, we should probably have done here what is usually done in England under similar circumstances—that is, reduced or abolished some of those taxes which may be considered to press most heavily on the working classes. Inasmuch, however, as as the surplus did not so arise, but resulted from the sale of more of the public lands than was absolutely necessary to supplement our ordinary income, that course could not with safety be adopted, as it could not be expected that such large land sales would long continue. It has been contended by some honorable members, as well as by some portion of the Press, that the surplus should have been expended in the construction of railways or on other reproductive works. That would, no doubt, have been a very judicious application of it, had our ordinary revenue been sufficient to have enabled the Government to have defrayed therefrom the cost of all those important public services which were last Session authorized out of the accumulated surpluses of previous years. As the ordinary revenue did not, however, admit of that being done, and as such services will not be reproductive, it would surely have been imprudent, to say the least of it, had we proposed to borrow money to carry them out and used the surplus for the construction of railways. Feeling satisfied that it was more judicious and more in harmony with the practice of this and the other Australian Colonies to borrow money for railways, which with us are highly reproductive, than for public buildings and other services which are not so, we suggested, and the House willingly sanctioned, the application of part of the surplus to those important services, which were embodied in the surplus revenue estimates of last session. When I submitted the surplus revenue account in February last the charge we proposed to make against it amounted to £1,210,000, which would have left a balance to expend on some future occasion of £1,264,923 18s. 10d. Before the close of the session it was, however, found necessary to bring down further estimates for services which had in many cases been provided for in previous years, the appropriations for which had lapsed by efflux-ion of time. As the surplus had of course been swelled by the amount of these lapsed appropriations, it was only right and proper to again charge them against it. The charges were thus increased from £1,210,000 to £1,494,338 4s. 5d.; and the remaining surplus was reduced correspondingly from £1,264,923 18s. 10d. to £980,585 14s. 5d. This then would have been the state of the surplus revenue account at the close of last session had I submitted a statement showing these changes. I will not weary the Committee by detailing all the further changes which appear in the account now submitted. Suffice it to say that I have charged against the surplus of previous years the two votes of £50,000 each, taken in the temporary Supply Bills of last Session for the International Exhibition Building, as no portion of the cost of a work of this magnitude could be fairly charged to the revenue of any one year in particular. Honorable members are well aware that when this undertaking was commenced it was never contemplated that the cost would be so great, otherwise

it might not have been proceeded with. As the exhibition however has been so far a great success, and has drawn vast numbers to our shores, besides directing the attention of some of the most important States of the world to these Colonies and their unbounded resources, it is only reasonable and natural to expect that the results will ultimately be a very considerable permanent increase of population, and the introduction of a large amount of new capital. Besides these there must be many other advantages, direct and indirect, which the Colony will derive from the holding of this International Exhibition. Another cogent reason for charging the whole expenditure in connection with the Exhibition to the surplus revenue account is the great probability of the main building being used for Parliamentary purposes during the erection of new Houses of Legislature worthy of the Colony, on the site of the present inconvenient and unsightly edifices, which is admittedly one of the finest in the city. If honorable members will turn to the surplus revenue account, just placed in their hands, they will find that some variations, consequent on the lapse of time, have occurred since it was submitted by me in February last. This account is now essentially a cash account—that is, it must always show the actual payments made out of the surplus which existed on the 31st December, 1878, until that surplus is exhausted by duly authorized expenditure, or otherwise legally disposed of. The payments made from the 1st January to 30th September, 1879, out of the surplus revenue account, amount, as therein shown, to £1,424,345 15s. 4d., which, deducted from the gross credits of £3,999,522 16s., left a credit balance of £2,575,177 8d. on the date last-mentioned. This balance was, however, then chargeable with outstanding liabilities to the amount of £1,808,428 16s. 9d. It is also chargeable with a supplementary estimate on account of services of 1878 and previous years to the amount of £20,695 5s. 1d. There is likewise another surplus revenue estimate now before the House, amounting to £127,999 8s. 5d., which it is also proposed to charge against the remaining balance on this account. These three sums, which together amount to £1,957,123 10s. 3d., being deducted from the credit balance of £2,575,177 8d. on the 30th September last, reduce the surplus to £618,053 10s. 5d., the amount now shown in the account. Should any honorable member be desirous of obtaining fuller information respecting the various changes that have taken place in the surplus revenue account since it was first introduced by me, he will find them clearly set forth in the explanatory statement of the public accounts, as embodied in the present Ways and Means, which I will in the course of the evening lay on the table. I now come to the account for the present year—the year 1879—to which I would specially invite the attention of honorable members, as it is the one for which I am, as Treasurer, more immediately responsible. This being the case, I am naturally anxious that it should be clearly understood by every member of the Committee as well as by the public generally. In dealing with this year's transactions I shall have to go more into details than I could wish; but, as 1879 is the first year since 1872 that exhibits a falling income, I may be pardoned for so doing. It will no doubt be remembered by some honorable members now present that prior to 1872 the Government had great difficulty in making ends meet, and that their difficulties were only tided over by temporary loans, by the imposition of stamp duties, *ad valorem* duties, and a few other increases to the tariff of lesser importance. The stamp and *ad valorem* duties have long ago ceased to exist, and the loss which the revenue has thereby sustained has only been made good by our enormous land sales. Since 1872 up to the close of 1878 there have been surpluses every year of varying amount, making in the aggregate close upon two and-a-half millions. This large surplus was created entirely by our land sales, without which it could have had no existence. When the revenue estimates were prepared for 1879 it was anticipated that £1,000,000 would be received this year from auction sales, but I am sorry to say that that estimate of my honorable colleague will not be realized by at least £265,000. The revenue of 1879 as first estimated was expected to realize £5,096,155. The expenditure sanctioned by Parliament, inclusive of

special appropriations, but exclusive of the first vote of £50,000 for the International Exhibition, now charged to the surplus account, amounted to £5,006,686, so that had the estimate of revenue been realized there would have been a surplus of £89,469. The Committee will however regret to hear that, instead of that estimate being realized, the actual receipts of the year are now expected to fall short of it to the extent of £571,314. When I made the financial statement for the present year there was no indication whatever of such an unfortunate result, otherwise the Government would either have reduced their estimates of expenditure for public works, which it would have been difficult to do in view of the requirements of the country, or proposed new taxation. The revenue received into the Treasury during the first nine months of the year amounted to £3,231,826 and my estimate for the last quarter is £1,293,015, thus making together only £4,524,841, which, as already stated, is £571,314 short of the original estimate. On the other hand, the authorized expenditure for the year is increased by additional special appropriations to the amount of £26,591 16s. 5d., and a supplementary estimate of £41,609 17s. 6d. These amounts bring the charges against the present year up to £5,074,888 5s. 1d., which is however reduced by £350,000, the amount of appropriations for 1879 estimated as not likely to be required. The net estimated charges stand therefore at £4,724,888 5s. 1d. If from this sum we deduct the amount which the revenue is now expected to realize, viz., £4,524,841, there is left an estimated deficiency of £200,047 5s. 1d. It was my intention to have carried this deficiency into the account for 1880, with a view to provision being made for it in the scheme for additional taxation, which I will have to submit in connection with the estimated deficiency in the revenue of that year; but having anxiously and fully considered the matter in all its bearings, I have come to the conclusion that as this deficiency was neither foreseen nor anticipated, nor yet brought about by any improvident expenditure on the part of the Government, but was merely the result of a falling off in the land sales, and that the land from which we expected a larger revenue this year is still in the possession of the Government, that it would be more in accordance with the practice of previous Governments in days gone by to charge the amount against the surplus, as that surplus was wholly created by land sales in excess of the public annual requirements. It will, I dare say, be remembered by many honorable members that the deficiencies of 1870 and previous years, and a large amount of debentures which had matured, as well as some other extraordinary claims against the revenue, were all paid out of the proceeds of land sales between the years 1872 and 1877 to the amount of nearly £2,000,000. I readily admit, however, that notwithstanding all these circumstances the course now proposed may appear to be somewhat inconsistent with the sentiments I expressed in regard to this subject in my last statement. I then said that I "deemed it right that no portion of the surplus should be used to meet the ordinary expenditure of future years, but rather that it should be used only for carrying out public works of admitted general utility, for the erection of public buildings, and for other services which cannot fairly be charged upon the revenue of any one year in particular, and which in the absence of such surplus would probably have to be provided for by Loans." It is, however, quite in harmony with another part of that statement where I said that "without the consent of Parliament the surplus should never be drawn upon to make good the deficiency in current revenue." I therefore intend to ask the Committee by a formal resolution to grant out of the Surplus Revenue account an amount sufficient to cover the estimated deficiency in the revenue of 1879 as exhibited by the account for that year. In the explanatory statement already alluded to will be found a statement showing the sources of revenue which fall short or are in excess of the estimate made in February last when compared with the estimate now made. From that statement I find that the items which are less than the original estimate amount to £667,513, while those that are more, to only £96,199, thereby showing a net reduction as previously stated of £571,314. In connection with the scheme which I have prepared for increasing the revenue of the country, and

which I shall shortly have to bring under the notice of the Committee, it may be useful to show, under general heads, to what extent the revenue of the present year, as estimated in February last, is not expected to be realized. Under the head of taxation I find that Customs will be short to the extent of £64,343. Why this should be it is difficult to understand. It may be that the great exertions made by the friends of temperance are beginning to bear fruit and if so we should have no great cause to regret the loss. I am, however, rather afraid that the true cause will be found in the depression of business generally during the present year, and the consequent enforced denial of what are considered, whether rightly or wrongly, the luxuries of life. It is an undeniable fact that this general depression has affected more or less almost every source of our revenue. When money is scarce people are compelled, however reluctantly, to curtail their expenditure and to hope for better times. The recent telegrams from England, informing us that trade is reviving there and elsewhere, give us good grounds for expecting that a similar improvement will shortly take place here. Indeed, even now, there are many indications of that improvement having commenced. Under the head of Duty on Spirits distilled in the Colony there is a falling off to the extent of £2,524. This no doubt arises from the fact that Colonial manufactured rum is not considered a wholesome beverage until it has become well matured; it is therefore largely exported for its improvement in this respect, and when returned to the Colony pays duty as imported spirits, so that if we do not get the revenue under this head we get it under that of Customs. Under the head of Land Revenue, sales generally show a falling off to the amount of £432,677; interest, £7,038, and pastoral occupation, £28,535. These together make a loss to the revenue this year of £468,250, which was neither anticipated nor foreseen when the estimate was prepared. It is in view of this great falling off that the Government have determined to submit to the Committee a scheme of taxation which, should it meet their approval and become law, will render us less dependent upon this precarious source of income for the future. I find that under the head of receipts for services rendered there is a falling off in railways of no less a sum than £118,840, and of £12,451 under five other sub-heads. In the statement of Ways and Means for 1879, submitted in November, 1878, by my honorable friend opposite, the member for West Maitland, it was estimated that the railway revenue for this year would realize the sum of £1,085,000. When, in February last, I submitted my estimate of revenue for the same period, I saw no reason to doubt the accuracy of this particular estimate, and therefore adopted it. That estimate was based, I understand, upon past experience of the development of our railway traffic. In 1878 the average number of miles in operation was 633, and the amount realized was £902,989, equal to £1,427 per mile. The Commissioner for Railways, anticipating that there would be an average of 711 miles open for traffic in 1879, and seeing no reason to doubt that the productiveness of each mile of line would be sustained, framed his estimate on that data, the usual percentage for increased traffic being added. The following are some of the reasons assigned by that officer for this diminution of receipts:—General depression of trade, which has not been confined to this Colony alone, but seems to have extended to almost every commercial community. In Victoria the railway returns have been diminished during the present year, and from the railway returns of the Mother Country for the first half-year of 1879, traffic so decreased that a loss of nearly 1 per cent. in the dividends has been sustained. In addition to the loss occasioned to our revenue by the general dulness of trade, the impaired state of the roads in the interior, caused by the recent heavy rains, has retarded the conveyance of the wool to the market, and although this traffic will yet be secured to the railway, and the return supplies also, the postponement of the carriage for a time has served to limit the amount of revenue estimated to be obtained during this year. The Commissioner adds, however, that the railway returns for the past month show that a large increase in the traffic both as regards passengers and goods has commenced to take place. As I am, however, of opinion that

it is high time this great national undertaking should cease to be worked at loss to the country, I intend, in conjunction with my honorable colleague, the Secretary for Public Works, to give the subject early consideration, with a view to ascertain whether it is not possible to derive from our railways a revenue more commensurate to the outlay for their construction than has hitherto been the case. Under the head of General Miscellaneous Receipts, Fines and Forfeitures show a loss of £1,105; but as receipts of this nature are of an uncertain character they do not admit of an accurate estimate being made. Increases occur under various sub-headings of the Ways and Means, but altogether they amount to only £96,199. The only increase of importance is that of £63,827, under the head of Unclassified Receipts, which includes International Exhibition fees to the amount of £31,813, for which I took no credit in my former Ways and Means. Against this there is however a sum of £25,000 charged in the account for 1879, to meet the probable expenses of the Commissioners to 31st December instant. There is also an increase of £20,518 under the head of interest on Bank deposits. My original estimate for interest was £65,000, but, as I have transferred a large portion of the recent loan to Sydney I now expect to obtain £85,518. Having thus explained as fully and as clearly as I can our financial position at the present time, or rather what I expect it will be at the close of the year, I desire before entering the domain of the future to give some information of a general nature, as is usual in making a Financial Statement, such an occasion being considered the most appropriate for the purpose. First, then, I will state what were the balances on the Public Accounts, as exhibited by the books of the Treasury on the 30th November last, although it has been found more convenient to bring all the other statements attached to Ways and Means up to the 30th September only. On that date then there was at the credit of the Consolidated Revenue Fund (exclusive of £1,293,812 due by the General Loan Fund) £1,210,794 19s. 9d.; at the credit of the Trust Fund, £1,074,373 6s. 8d.; at the credit of the old loans, £156,951 1s. 7d.; and at the credit of the General Loan Account, £647,274 6s. 1d., making together a sum of £3,089,393 14s. 1d., which was distributed thus:—In the Bank of New South Wales, Sydney, £792,346 5s. 7d.; special deposits in nine of the Sydney banks, £1,725,000; securities in the Treasury chest, £604,750 12s.; and in the Bank of New South Wales, £600, which as a whole corresponds with the Treasury balances after deducting an overdraft of £33,303 3s. 6d. on the public account in London. This overdraft in the London account is only an apparent one, for there must have been an actual balance of nearly £800,000 at the credit of the Government, being the undrawn portion of the recent loan, full particulars of which have not yet been received. In consequence of the recent amalgamation of the various loan funds under the Act 42 Vic. No. 17, passed in April last, the loan accounts have been much simplified. With the Ways and Means there will be found statements giving full particulars of all the services authorized to be defrayed out of borrowed money, the amount expended up to the 30th September, 1879, the unnecessary balances which have been written off, and the appropriations and balances of appropriations remaining unexpended on that date. I find from this document that the appropriations from 1853 to 1879 amount to £25,203,634 18s. 3d., of which there has been expended £15,974,352 11s. 10d., and written off as not required £128,803 0s. 1d., leaving for future expenditure a sum of £9,100,479 6s. 4d. To cover this unexpended balance we had cash in the banks to the amount of £936,473 14s. 1d., a balance of £320 12s. 3d. due by the Commissioner for Railways, and authority to borrow to the extent of £9,457,497, of which however some portion is already raised, although in the absence of accounts the exact sum cannot be stated. These assets which together amount to £10,394,291 6s. 4d., are liable to the Consolidated Revenue Fund for £1,293,812, that being the balance of advances made therefrom pending the negotiation of authorized loans. While on this subject I would take the opportunity of giving to the Committee the result of the negotiation in England of the recent loan of three and a quarter millions. Tenders were opened

for that loan on the 2nd May last, when it was found they amounted in the aggregate to £7,864,100, and that the prices ranged from £97 to £99 5s. per cent. The highest rates were of course accepted, and these gave an average price of £98 9s. 2d.; but as the loan had been sold on terms—that is to say, was made payable by instalments, the last of which fell due on the 30th September, the interest lost to the Government, but gained by the buyers, amounted to 10s. 9¼d. per cent., thus reducing the average price to £97 18s. 4¾d., a price however considerably higher than that obtained for any other Colonial loan negotiated this year in London. The high value set upon our securities cannot be better illustrated than by stating to the Committee that the Victorian 4½ per cent. loan, which was negotiated only a short time before ours, brought an average price of only £97 17s. 8d. per cent. Had that loan sold as well as our 4 per cent. loan did, it ought to have realized £110 3s. 2d. per cent., which clearly proves that ours was the better sale of the two to the extent of £12 5s. 6d. for every hundred pounds of stock sold. Although the debentures of our 4 per cent. loan are not now quoted on the Stock Exchange, London, at quite such a high price as they were some two or three months ago, there is no reason to doubt that our credit in that great money market of the world stands as high as ever it did. The falling off is attributable, I believe, to an erroneous impression formed by some gentlemen either here or in London, or it may be in both places, with respect to the authority given by Parliament last Session to borrow as required, for Railways and other Public Works, a sum of £7,352,768; but the mere passing of a Loan Act does not necessitate the immediate floating of the loan. From telegrams which appeared some time back in one or two of the public prints of the Colony, this would appear to have been the impression made on the minds of certain classes in London. Immediately we became aware of these erroneous views a telegram was sent to the Agent General to the effect that, although we could not as a Government bind ourselves as to time with regard to the floating of another loan, there was no probability of the last large loan being floated as a whole, for several years, as we had not yet exhausted our borrowing powers, under previous Loan Acts, to the extent of over a million. In the construction of railways, for which £5,866,000 of the last authorised loan was obtained, we cannot possibly, with our present available labour, expend more than £1,000,000 per annum, an amount that would enable us to construct about 160 miles of line. Before the whole vote for railways could be expended at this rate, the population of the Colony will probably be about 1,100,000. It is generally conceded that the population of a country and its public debt are important elements in determining how far railways can be advantageously extended. By the time that the last Railway vote can be expended, according to the rate of expenditure just mentioned, the proportion of capital invested in railways to population will, I am informed, be less in New South Wales than it will be in any of the Australian Colonies, Canada, the United States, or Great Britain. If we had sufficient labour we could, in fact, increase our railway debt during the next six years to £21,000,000, without exceeding the recognized safe limit of railway capital to population, which is stated to be about £23 per head. The only other subject I desire to allude to before proceeding to open the Budget of 1880 is that of the Public Debt, which now amounts to £14,937,520, the annual interest on which is £688,486 1s. 8d. The Loans authorized, but not yet put upon the market, which amount to £8,557,945, would, if realized, increase the debt to £23,495,465, and the annual interest to £1,030,803 17s. 8d., a sum equal to the entire expenditure of the Colony when Responsible Government was inaugurated in the year 1855. I will now, Mr. Cameron, invite the special attention of the Committee to the Account for 1880, which shows the proposed expenditure in relation to the estimated income. From the hints I have already thrown out, and from the statements I have made as to the inadequacy of the revenue of the present year to meet the liabilities proper to the year, honorable members must be prepared to find a somewhat similar state of matters in regard to the future. Our fiscal system is

not of that elastic character which admits of expansion as our necessities increase. It is unfortunately rather the reverse, for while the requirements of the country are always increasing, our sources of revenue are fluctuating, and therefore liable to be affected seriously in times of national depression. Indeed the demands upon the public purse are then greater than in times of general prosperity, because the unfortunate and the unemployed expect that the Government should come to their aid, and find them employment upon the public works of the Colony. Many go even further than this, for they think it the duty of those in power to undertake works simply for their benefit. Since the year 1872, when our ordinary income began to be abnormally augmented by the proceeds of our waste lands, the demands for public works of every conceivable description have been greater than it was even possible for the Government, with the means at their disposal, to undertake. So long as surpluses were annually accruing from those sales, no reasonable objection could be raised to these demands. But as a change, which I do not consider an unfortunate one altogether, has gradually been taking place in the land revenue during the last two years, the demands for public works can no longer be met in the wholesale manner of the past. With regard to demands of this nature for next year, the Government have anxiously and carefully considered each individual case, having no other object in view than the public weal. The items inserted in the Estimates are therefore such as could not, in their opinion, be postponed without injustice to the districts concerned, or injury to the interests of the colony at large. If there are any honorable members, and I fear there must be many such, who do not find that provision has been made on the Estimates for services recommended by them, I hope they will not on that account consider that we have slighted their representations. As it has been found impossible to provide for all in next year's Estimates, some must stand over until the following year, or at all events until the revenue can bear them without the prospect of another deficiency arising. Some honorable members may, however, be inclined to ask why they were not placed upon the surplus revenue estimate? My answer to that is this: the surplus is now reduced to a sum which it would not be wise or prudent to reduce further until the revenue recovers or the taxation of the country is increased. Should the Committee refuse to entertain our proposals for augmenting the revenue there will be but two alternatives—either to use the surplus to make good the estimated deficiency of next year, or strike out of the Estimates nearly the whole of the items for public works, neither of which I venture to think the House would agree to. In these circumstances I trust honorable members will wait with patience until a time of greater financial prosperity arrive. It will be observed from a perusal of the Estimates that with the exception of certain increases recommended by the President of the Legislative Council and the Speaker of the Legislative Assembly, whose recommendations we could not ignore, scarcely any increases to the salaries of public officers have been submitted. This is not because we did not recognize the claims of many old and deserving servants of the Crown, but because we could not consistently ask the House to grant increases at the very time we had to propose fresh taxation to meet the ordinary annual expenditure of the country. Wherever the pruning-knife could be used without injury to the service it has been applied by us. In a new country, however, where progression is absolutely necessary to existence, and where so much that tends to promote the general convenience and prosperity of its inhabitants has to be undertaken by the Government, it is impossible to reduce the Public Departments without seriously interfering with that progression. Take for example the departments for the Administration of Justice and Public Instruction, the police, the railways, and the post and telegraphic departments, which must all be maintained in a thorough state of efficiency, to meet the constantly increasing wants of the community at large, and it will be seen that no reduction could be made without injury to the country of the gravest character; and so with many other departments and services I could easily mention. A reference to the

account for 1880 will show honorable members that the estimated expenditure, as shown by the estimates, amounts to £4,984,183 17s. 10d., which is less somewhat than the authorized expenditure for the present year, notwithstanding there are several inevitable increases down for next year. Although unwilling to take up the time of the Committee with details, I think it only right to point out a few of these increases. For instance, in the railway department there is an increase of over £70,000, which is absolutely necessary if the railways of the colony are to be maintained in a thoroughly efficient condition, which I think every one will acknowledge should be the case. In the Post Office estimate there is an increase of £14,000. This also is absolutely necessary, for there is no branch of the Public Service that can less bare to be crippled in its resources than the Post Office. The services rendered by this department are in importance second to none in the service, and it would be a most unwise economy to deprive its responsible head of the means of maintaining the postal arrangements of the Colony in the highest state of efficiency. I think the management and arrangements of the Post Office generally will compare favourably with those of similar institutions in any of the Australian colonies. Then, in the telegraph department there is an increase of about £15,000, which, I presome, is indispensable, owing to the ever-expanding nature of its business. I regret, however, to find that it is being carried on at a heavy loss to the country. While the estimated expenditure for 1880 is £125,000, the income is only expected to amount to £90,000, that is a loss of £35,000, which, unfortunately, is not the whole loss, for we are paying besides about £20,000 annually for interest on money borrowed for the construction of our existing telegraphic lines. There was a time in the history of our telegraphs when they paid a small percentage on the outlay, but since the reduction of the charges the balance is largely on the wrong side of the account. This is a subject which demands inquiry, and I have no doubt my honorable colleague, the Postmaster General, whose attention has been drawn to this great disparity, will before long endeavour to equalize the revenue and expenditure of this most useful branch of the Public Service. The vote for Public Instruction has been increased by £18,000, of which £10,000 is for weather-sheds, and the remainder principally for books, printing, and stationery. The changes proposed by the Government, in the Bill now before the House, may necessitate some modification of this estimate, but under any circumstances it cannot be reduced. The probability is that it will have to be slightly increased. The amount necessary to pay the interest on the Public Debt is £130,000 more than what is required for the present year. That is an increase which it is impossible to reduce, as faith with the public creditor must be kept at all times and through all variations of fortune. Amongst the Special Appropriations will be found a sum of £25,000 as endowment of the City Municipal Council, which is payable annually for a period of ten years, in accordance with the provisions of the Sydney Corporation Act of 1879. Honorable members may remember that the 1879, or first instalment, was authorized and paid out of the surplus revenue account. In consequence of this fixed provision for the Council, the £10,000 hitherto voted annually in aid of the City funds has been withdrawn from the Estimates for next year. Its place has virtually, however, been taken by a like sum to pay municipal rates on Government buildings, which will be found under the head of miscellaneous services in the Estimates of the Colonial Secretary. There is also a sum of £20,000 on account of the current expenses of the International Exhibition, which will, however, be covered by admission fees, which are taken credit for in Ways and Means to a like extent. The closing expenses will no doubt be considerably in excess of the ordinary current expenses of the present year, hence the larger proportionate amount inserted for expenditure in 1880. To what extent the outlay on this undertaking will be recouped by the sale of building materials it is impossible at present to say, as no decision has yet been arrived at as to the ultimate disposal of the main building. The proceeds of sale of materials, whatever they may

amount to, should in my opinion be carried to the credit of the surplus revenue account, out of which the entire cost has to be defrayed. A sum of £600 will also be found, for the first time, amongst the special appropriations, being the amount authorized by the Customs Regulation Act of 1879, as fees for the Commissioners of Customs. These are, I think, the principal increases in the Estimates for 1880. Although the decreases are not so numerous as I could wish, still they are on the whole very considerable. In the departments under my own charge there are reductions to the extent of nearly £20,000, and in the departments over which my honorable colleague the Secretary for Lands presides, there is an aggregate reduction of no less than £78,000, which he assures me is a permanent one unless the demand for land should increase, when the expenses of the department would necessarily increase somewhat in proportion. When it is considered how great has been the falling off in the land revenue during the last two years this large reduction can be easily understood, as well as the desire of my colleague to reduce the expenditure of his department proportionately. A reduction in the public works estimate, as compared with the expenditure authorized for 1879, occurs to the extent of £200,000, not however with the willing consent of my honorable colleague the Secretary for Public Works, who should be thankful he is not the unfortunate Minister charged with the more difficult task of finding the Ways and Means to meet the proposed expenditure of the year. As few honorable members are perhaps aware of the great increase that has taken place since 1871 in the expenditure for public works, it may be that the following figures will convince them that it has been growing out of all reasonable proportion to the annual revenue, and that it was high time the Government should endeavour to reduce it consistently with the claims and requirements of the Colony. In 1871, that is, the year previous to the commencement of a rapid increase of our land revenue, the amount appropriated for public works was £256,983, being equal to £11 10s. per cent. of the revenue. In 1872 the expenditure authorized was £329,386, or £11 14s. 2d. per cent. of the revenue of the year. In 1873 the expenditure authorized was £461,169, or £13 6s. 9d. per cent. In 1874 the authorized expenditure was £571,822, or £16 5s. 3d. per cent. In 1875 it was £659,969, or £16 per cent. In 1876, £1,048,306, or £20 10s. per cent. In 1877, £1,444,430, or £25 2s. per cent. In 1878, £1,377,135, or £27 11s. 7d. In 1879, £1,091,880, or £24 2s. 7d. per cent.; and proposed for 1880, £881,806, or £18 10s. 2d. From this statement it will be seen that it was lowest in 1871 and highest in 1878, being in the latter year about two and a half times greater than it was in the former. It is right that I should explain that the expenditure here given is exclusive of the ordinary working expenses of our railways; it includes, however, railway works defrayed from revenue that form a charge on the capital account, such for example as have frequently been provided for by loans. Of course the expenditure stated for 1879 and 1870 is exclusive of those works authorized, or proposed to be defrayed out of the revenue surplus account, which in the aggregate amounted to nearly a million and a half for the present year. Turning to the revenue side of the account, the Committee will see that I estimate the revenue of 1880 from the existing sources of income at £4,761,875, which is less than the estimated expenditure for that year by the large sum of £222,308 17s. 10d.; it is also about £250,000 less than the revenue of 1878, and more than £1,000,000 less than that of 1877, which was by far the largest amount ever collected in any one year in this colony. From a statement which I have had prepared and attached to the Ways and Means, showing the revenue of every fifth year from 1850 to 1870, and of each year from that to the present time, and the proportion which each source of income bears to the population, it will be seen to what extent and in what direction our public revenue has been expanding. It would occupy too much of the time of the Committee were I to give any lengthy extracts from this statement; but a few will I think, on the present occasion, and in view of new sources of income being proposed, prove both interesting and useful.

The revenue of 1850, which was the year prior to the discovery of gold in this country, was only £311,581, being at the rate of £1 3s. 5d. per head of the population, of which Customs gave 10s. 9d. In 1855, the year in which responsible Government came into operation, although at too late a period of the year to affect its transactions, the revenue amounted to £957,582, or £3 8s. 11d. per head, of which the Customs gave £1 10s. 4½d. The revenue of 1860 was £1,298,421, or £3 14s. 6d. per head, of which Customs gave £1 11s. 10d. In 1865, when, in consequence of the deficiencies of previous years, the Stamp Duties Act was passed, and an additional charge of 20 per cent. made to all existing Customs duties, the revenue reached the sum of £1,761,867, or £4 5s. 6d. per head, of which Customs gave £1 10s. 11d. In 1870 the revenue had only increased to £2,082,358, or £4 2s. 9d. per head, of which £1 13s. 11¼d. was derived from Customs. During these four quinquenniums, the land sales increased from 2s. 6½d. per head to 8s. 9¼d., and the annual Land Revenue from 5s. 8d. to 19s. per head. It was during this period also that railways and telegraphs were introduced, and began to appear in our Ways and Means as revenue producing services, while in reality they were the reverse. This arose from the unavoidable system of inserting the gross earnings of these great undertakings in our revenue statements, and the expenditure in the estimates so as to bring the latter—and very properly so—under the control of Parliament. Our first railway—that from Sydney to Parramatta—was opened on the 26th September, 1855, and the first line of the electric telegraph—which was that from Sydney to the South Head—in 1857. The line from Sydney to Albury was not opened until the 26th October of the following year. The progress made since these dates in the railway and telegraphic systems of the Colony is pretty well known to every member of this House; but notwithstanding that, it may interest them to know that at the present moment we have 734½ miles of railway in operation, 291 in course of construction, and 615 authorized but not yet contracted for. In telegraphs we have 11,700 miles in full working condition, 272 in course of construction, and 90 for which tenders have not yet been accepted. Referring again to the abstract statement alluded to, I find that in 1871 the revenue was equal to £4 6s. 2¼d. per head of the population, of which £1 13s. 2½d. was derived from Customs. In 1872 the rate per head was £5 4s. 3½d., of which £1 16s. 2½d. was Customs. In 1873 the rate per head was £5 18s. 10½d., of which £2 0s. 3d. was Customs. In 1874 it was £6 0s. 3½d., of which £1 12s. 6½d. was Customs. In 1875 it was £6 16s. 0¼d., of which £1 12s. 1¼d. was Customs. In 1876 it was £7 19s. 11¼d., of which £1 12s. 1d. was Customs. In 1877 it was £8 13s. 8½d., of which £1 12s. 6½d. was Customs. In 1878 it was £7 3s. 10¾d., of which £1 13s. 1¼d. was Customs. In 1879, with an estimated population of 735,000, the actual and estimated revenue will give a rate of £6 3s. 1¼d., of which £1 10s. 5¾d. will be from Customs. In 1880, with an estimated population of 785,000, the revenue, as estimated, would give a rate of £6 1s. 2½d., of which £1 8s. 11½d. will be Customs. It will thus be seen that throughout the whole of this decade the Customs duties did not vary to any great extent. The rates were somewhat higher in 1871–2, and 3, because the *ad valorem* duties were in force during these years. As these duties were abolished in 1874, the rate dropped from £2 0s. 3d. per head to £1 12s. 6½d. The average of the ten years revenue as a whole is £6 8s. 9d. per head, of which £1 13s. 2d. is the average from Customs Duties. The great increase in our revenue since 1871 is owing mainly, however, to the sale of our waste lands, which realized the following rates per head during the decade under review, namely, 1871, 8s. 7½d.; 1872, 14s. 6d.; 1873, £1 8s. 2¾d.; 1874, £1 17s. 7½d.; 1875, £2 15s. 6¾d.; 1876, £3 16s. 7¾d.; 1877, £4 5s. 9¾d.; 1878, £2 14s. 11¾d.; 1879, partly an estimate, £1 15s. 1¾d.; 1880, entirely an estimate, £1 15s.; the annual average for the ten years being £2 3s. 2½d., or 10s. more than the Customs average for the same period. Few will deny that this is a most unsatisfactory and unhealthy state of our revenue, and that the time has arrived for some readjustment of our financial system upon a sounder basis. Before proceeding to inform the Committee what

additional taxation we propose, in order to meet the estimated deficiency in the revenue of 1880, I desire to state that I have carefully examined all the estimates received from the various revenue departments; and after consultation with some of the heads of these departments I found it necessary to modify some of their figures, as they were not in several instances justified by the results of past years. The Customs estimate for example I reduced by £90,000, as I found that the original estimate for the present year, which was £1,183,650, will only be realized to the extent of £1,119,307, showing thereby a deficiency of £64,343. The increase which I calculate upon receiving from this source of revenue in 1880 under the existing tariff is only £18,693, and, considering that wine, beer, sugar, and tobacco are now extensively manufactured in the Colony, this increase is, in my judgment, as much as can safely be relied on. The Customs Convention with South Australia is about to be renewed for another year. Under this renewal the Government of that Colony will pay us an annual sum of £40,000, or the difference between that amount and what we collect at our stations on the Darling on their account. The other sources of revenue under the head of taxation require no comment, as there is no material change of importance in any of them, unless it be the absence from the 1880 column of any amount for duty on gold, an impost which was abolished during the last session, in conformity with the promise I made in my last statement. From land sales my honorable colleague the Secretary for Lands expects to obtain next year £1,375,000, which is £82,677 in excess of what I anticipate the sales of the present year will realize. Of this sum £750,000 is put down as auction sales, which is slightly in excess of that now estimated for 1879, but it is fully a quarter of a million less than the 1878 sales, and only a little more than a third of the sales of 1877. The large amount received from the sale of our waste lands since the passing of the Lands Alienation Act of 1861 naturally raises the question whether it is right to continue to alienate by auction to the extent we have been doing during the last few years. It is an easy mode no doubt of supplementing the ordinary revenue, but is it just to posterity that we should relieve ourselves from the expenses incidental to Government by selling our patrimony in this wholesale manner, while we are at the same time creating a public debt, which we hand them down as an inheritance? Railways, telegraphs, and other public works of a reproductive character will, doubtless, in time yield an income sufficient to enable them to pay the interest on this debt, but the capital from which it should be discharged will have vanished, as far as the State is concerned, excepting perhaps the balances due by conditional purchasers, which I am afraid however will come in so gradually and so slowly as to prove of little use in clearing off that great national obligation. As this is altogether too wide and too complicated a question to be discussed fully in a financial statement, I will not dwell upon it longer at the present time. Having, however, given the matter a good deal of consideration, and being anxious to ascertain the exact position of our national estate, I requested my honorable colleage the minister for Lands to furnish me with certain specified particulars, which he has kindly done. As these particulars cannot fail to prove interesting to the Committee as well as to the general public, I shall, at the risk of being considered tiresome, now give some of the statistics thus obtained. The total area of the Colony as at present defined is 199,000,000 acres. Of this area there is 1,137,708 acres under water, including navigable rivers. 17,460,880 acres are said to be so barren or rocky as to be useless, either for grazing or agricultural purposes. The area suitable for agricultural purposes is stated to be only 21,913,712 acres, and for pastoral purposes 159,625,406 acres. I think there can be no doubt, however, that a large portion of this pastoral area will in course of time, and when required for the purpose, be found as good agricultural land as that now given as such. The area of densely timbered land is said to be 12,722,574 acres. The sales by auction up to 30th June last amounted to 11,029,165 acres, and the selections after auction, to same date, to 964,968 acres; besides which, 694,848 acres have been alienated as improved land under the 8th section of the Act of 1861 and the 2nd of that of 1875,

and 40,318 acres under the provisional pre-emptive right clauses of the latter only. I am informed that there is no reliable record of the amount of land alienated by free grants in the early days of the Colony. Under the conditional purchase clauses of the Lands Acts of 1861 and 1875 there have been selected up to the date mentioned, the following quantities, viz.: Ordinary land—under the 1861 Act, 7,733,594 acres, and under the Act of 1875, 6,289,666, making together an area of 14,023,260 acres. Mineral lands—under the Act of 1861, an area of 30,886 acres, and under the 1875 Act 64,185, making together 95,071 acres. The area of grants for public recreation reserves is stated to be 34,375 acres; for permanent commons, 72,860; and for temporary commons, 687,276. The area set apart for water reserves and withdrawn from sale in any form whatever is 10,260,952 acres, which seems to me an enormous quantity of land for the purpose, being one-twentieth of the whole area of the Colony. For railway lines, 106,555 acres have been set apart; and for a number of other purposes, which it would take up too much time to enumerate, 20,778,641 acres, of which nearly 7,000,000 acres are for Gold Fields but open to conditional purchase. Of the ordinary and mineral lands just alluded to which have been conditionally purchased under the Acts of 1861 and 1875, and which amounted together to 14,118,331 acres, there have been resumed 80 acres; cancelled, 1,791,884 acres; and forfeited 1,588,475 acres, which reduce the conditional purchases to an area of 10,737,892 acres, of which deeds have been issued for only 505,176 acres. From these figures I gather that out of an area of 199,000,000 acres we have disposed of 23,467,191 acres, by absolute and conditional sales, and granted or reserved for public purposes, 31,940,659, leaving still at the disposal of the Government an area of nearly 144,000,000 acres, which is only about 12,000,000 acres more than is at present under pastoral lease. Again referring to the Ways and Means, it will be observed that I expect to get £190,000 from Conditional Purchasers in the form of interest, which is an increase of about £17,000 on the amount expected from them during the present year. Under the heads of Pastoral and Mining Occupation, the amounts are less, if anything than the actual and estimated amounts for 1879. There are, at the present time 4,296 runs under lease, comprising an estimated area of 132,368,964 acres, yielding an annual rental of £158,486, which is equal to little more than one farthing per acre. There are, 34 runs unlet, of an estimated area of 613,891 acres, the rental of which is valued at £526. Taking our Land Revenue as a whole, the increase for next year is expected to be £109,570, which, in view of the Lands Act Amendment Bill now before Parliament becoming law, cannot be considered an unreasonable amount. Under the head of receipts for services rendered, the only change deserving special mention is that in railways, which shows an increase of receipts over those of 1879 of £133,840. This increase ought to be realized, for during the present half-year the Great Northern line has been extended to Gunnedah, and there is every probability of a considerable portion of the Albury extension of the Great Southern line being opened in the early part of the ensuing year, the returns from which should be largely augmented by the increased passenger traffic that this should naturally create between the metropolises of New South Wales and Victoria. General Miscellaneous Receipts show a few variations—none, however, of great importance. In consequence of a Resolution of the Assembly, passed towards the close of last Session, tolls and ferries figure once more in the Ways and Means, under the head of rents exclusive of land, to the amount of £17,500, which is a considerable falling off on former years. This arises no doubt from our railway lines running parallel to the Main Roads of the Colony, now almost abandoned, on which toll-bars were formerly established. Under the head of interest on Bank Deposits there will probably be £35,000 less received in 1880 than is estimated to be received from this source during the present year, in consequence of the gradual absorption of our surplus revenue and Loan Account Balances on authorized services, which are now being rapidly

proceeded with. I come now, Mr. Cameron, to that part of my subject which I dare say the Committee is most anxiously waiting for, namely, the scheme of taxation I intend to submit for their consideration. There can be no more unpleasant, indeed I might say ungrateful task, for a Finance Minister to undertake than that of making a proposition for increasing the burdens of the people in any form whatever. After complete immunity from additional taxation for a period of over eight years, and after a long term of national financial prosperity, during which we accumulated a surplus of nearly two millions and a half of money, it will, I fear, be somewhat difficult to convince the House and the Country that the time has at length arrived when our ordinary income requires to be supplemented by new sources of revenue. Instead of increased taxation during the period mentioned there has actually been a very sensible diminution for in 1873 the revenue lost nearly £200,000 by the abolition of the *ad valorem* duties, and over £100,000 by the lapsing of the Stamp Duties Act in 1874. It has, I believe, been the unhappy lot of many of my predecessors, since the introduction of responsible government, to propose fresh taxation, but the good fortune of few to carry their propositions. In view of their failures, I would feel rather discouraged were it not the firm conviction I have that additional taxation is absolutely necessary if the progress of the Country and the well-being of the community in general are to be considered, and these are objects which, I should imagine, honorable members expect the Government to keep steadily in view. There is perhaps no country in the world to which the term "civilized" can be applied where taxation is lighter than in New South Wales—certainly not in any of the Australian Colonies; for I find from a return attached to the Statistical Register for 1878, that of the proportion of revenue of 1878 raised by taxation in these Colonies, ours was the lowest. The following are the several rates per head of the estimated mean population for that year, viz.:—New South Wales, £1 18s. 7½d.; Victoria, £1 19s. 10½d.; South Australia, £2 2s. 8¼d.; Queensland, £3 7s. 1½d.; Tasmania, £2 5s. 7½d.; and Western Australia, £2 14s. 2d. The Colony coming nearest our low rate is Victoria; but, as we all know, the increases which are being proposed to her tariff for purposes of protection, will if passed displace her in future years from the favourable position she now occupies in the return I have alluded to. Referring once more to that tabulated abstract of our revenue which will be found attached to the Ways and Means, and from which I have already made several quotations, I find that in 1855, the year in which we began to manage our own affairs under the new Constitution, the rate of taxation per head was £1 17s. 1d. In 1860 it rose, in consequence of the imposition of a gold duty, to £2 0s. 8½d. per head; in 1863 it was somewhat less, namely £1 19s. 1½d.; it again rose in 1870 to £2 1s. 6½d.; in 1871 it was £2 1s.; in 1872, £2 4s. 6d.; in 1873, £2 8s. 8d.; in 1874, the first year after the abolition of the *ad valorem* duties, it fell to £2 1s. 1¾d.; in 1875, when there were no Stamp Duties in force, it was only £1 16s. 11¾d.; in 1876, £1 16s. 10½d.; in 1877, £1 17s. 3d.; in 1878, £1 17s. 9½d., which differs to the extent of 10d. from the rate given by the Registrar General, owing to his calculation having been based on the mean population of the year. In 1878 the rate will probably be £1 14s. 11½d., and for 1880 it is estimated at £1 13s. 0¾d. From these figures it will be readily perceived that we are in a far more favourable position, as regards taxation, than any of the Australian Colonies. Taking the income of this year in round numbers at £4,750,000, then about one-fourth only of that sum is derived from taxation, and the other three-fourths are received either for services rendered by the State or for some other equivalent. The conclusion at which I have arrived from a study of these figures, and in which I desire the concurrence of the Committee, is this—that collectively and individually we are so lightly taxed, considering the protection our property receives and the innumerable advantages we otherwise enjoy, that no one, however poor, has any just cause for complaint on the score of taxation. In fact, if people could only manage to confine themselves to the necessaries of life,

amongst which I include tea, coffee, sugar, and rice, their contributions in the shape of taxes towards the expenses of Government would then be very small indeed, and such as could scarcely be felt by the taxpayer. The question of taxation is one which at all times deeply interests every class of the community. It should, however, be far more interesting to the representatives of the people, who, I am sure, have the welfare of their country and the best interests of their constituents thoroughly at heart. Believing that this is the case, so far as this Committee is concerned, I enter with confidence upon an exposition of our taxation scheme, feeling assured that honorable members will throw aside for the time all party feeling and all purely selfish motives, if any such exist, and aid the Government in passing such measures as they can conscientiously support for bringing about that equilibrium of revenue and expenditure which is necessary at all times to a sound financial system. This question of taxation has engaged my attention for a considerable time past, and I feel confident no one but a person who has occupied a position similar to the one I now occupy can understand the deep sense of responsibility which I experience in submitting a scheme for increasing, in however small a degree, the burdens of the people, notwithstanding that I have just shown that our present taxation is very much lighter than that of any of our neighbours. I admit that since I began to study this subject my position has materially improved, inasmuch as I have not now to provide for such a large amount as I had at first anticipated. The estimated deficiency in the revenue of next year is £222,000, but as an additional estimate to the extent of at least £100,000 is almost inevitable, this would necessitate fresh taxation to the amount of £322,000, which, after all, would simply square the account. To leave a margin for contingent and unforeseen expenses, it would really be desirable that we should raise revenue from new sources, or from an increase of old ones, to the amount of over £350,000. Under the scheme which I have to submit, I estimate that we shall receive £358,500. My anxiety has been to draw up such a scheme as would commend itself to all, even to those upon whom the burdens might fall. In the opinion of the Government the time has not yet arrived for either a property or an income tax in this Colony, such as is now in operation in England, either of which would be difficult to adjust and expensive to collect. Besides, they are taxes which should not be resorted to unless in cases of great emergency or great financial difficulty. Property-holders in Sydney and the suburbs, as well as in all districts where municipalities have been established, are now virtually subjected to a property tax for municipal purposes, and to impose a further tax on the same property for the support of the general Government of the country would, in my opinion, tend to materially lessen its value. In many cases too it would amount to nothing less than a tax on frugality and industry, for by these qualities many a man has secured a comfortable home for himself and family, while the indolent spendthrift, who probably had equal advantages, would have nothing to pay. An income tax is undoubtedly the most rational as well as the fairest of all direct taxes that could be imposed if it could only be properly levied. The great difficulty, however, in a new country like this, where incomes are fluctuating and uncertain, would be to obtain reliable returns. The tax would press severely upon all whose incomes were fixed and easily ascertained, such as Government officers, Bank officials, and those employed by public companies, shareholders of Banks, holders of Government securities, &c., while many of those in general business would be apt to escape altogether. For these and other reasons which may readily occur to the minds of honorable members we have decided not to propose direct taxation of this particular nature at the present time. Having informed the Committee what taxes we do *not* intend to propose, I shall now proceed, sir, to disclose and explain those we *do* intend to submit for consideration. Our scheme embraces both direct and indirect taxation. The former, that is our direct taxation scheme, is simply the restoration of an old one with some important additions. I refer to stamp duties, which are now in operation in several of the Australian Colonies. One of the means adopted by the Parliament of this

Colony for augmenting the revenue and providing for the deficiencies of former years was the passing of a measure in June, 1865, to impose stamp duties. This measure, which came into operation on the 1st of July of that year, was to continue in force only until the 31st December, 1868. Under various continuing Acts it was, however, kept alive until the close of 1874, when it expired by effluxion of time, the Parliamemt not being then in Session. In 1875, the Government then in power, of which Mr. William Forster was the Minister for Finance and Trade, submitted a Bill to the Legislative Assembly embodying the principal features of the Stamp Duties Act of 1865, but through some informality in its introduction it was ruled on the third reading to be irregularly before the House, and was in consequence allowed to lapse. Since then nothing has been done by any succeeding Government to re-impose stamp duties, notwithstanding they proved a valuable addition to the revenue of the country during the period they were in operation, and were collected at a trifling expense compared with the expense of collecting some other portions of the public income. I find that the gross amount realized from Stamp Duties during the nine and-a-half years the law was in force was £730,236, which gives an annual average of £76,867. The collections of 1874, the last year of this impost, amounted to over £100,000, and there was every prospect of there being a considerable annual increase from this source of revenue had the law been continued. Indeed there are uncollected duties under the operations of that law to the amount of nearly £100,000, which are at the present time under the consideration of my honorable colleague, the Attorney General; and it will depend upon the decision at which he may arrive whether I shall introduce a special Bill for authority to enable the Government to enforce the payment of these outstanding amounts. Seeing then how productive stamp duties were in the past and that they embodied the principle of a tax upon property without its most objectionable features we have, after mature deliberation, considered it our duty to ask Parliament to sanction their re-imposition. I anticipate that we shall derive from this source of income £200,000 per annum, but as no measure imposing stamp duties could possibly come into operation before the 1st of April, 1880, I only calculate on receiving £150,000 during next year. As already stated, we propose a very important addition to these duties—an addition that will have the effect of taxing incomes to a very small extent, but in such a way as to admit of gradual expansion as the necessities of the State require additional revenue. These additions take the form of receipt stamps. I will now quote from that part of the resolutions that I shall presently read to the Committee, which relates to these additions, so that honorable members may more readily understand at once their exact nature and extent. It is as follows:—"Upon every receipt given for or upon the payment of any sum of money amounting to £2 and upwards for or in respect of any transaction, other than one strictly confined to the purchase or sale of any goods, wares, or merchandise where the sum received or paid shall amount to £2 and not exceed £10, one penny; exceeding £10, but not exceeding £25, threepence; exceeding £25, but not exceeding £50, sixpence; exceeding £50, but not exceeding £100, one shilling; and when the sum shall exceed £100, two shillings and sixpence." As it would be rather difficult for me to show, without wearying the Committee, how it is intended to secure the payment of these receipt duties upon every description of income, I must content myself for the present with saying that the Bill which I shall introduce immediately the necessary resolutions are passed will show them in full detail. While on the subject of stamps on receipts for payment of money, I desire to inform the Committee that we also propose to increase slightly the duty on receipts in respect of any transaction exclusively confined to the purchase of any goods, wares, or merchandise. These increases are as follows:—"Where the sum received or paid shall amount to £2, and not exceed £25, one penny; exceeding £25, but not exceeding £50, twopence; exceeding £50, but not exceeding £100, threepence; and on all over £100, sixpence. These rates are absolutely

necessary to secure from merchants, traders, and others, whose incomes are not derived from the receipt of fixed periodic sums, but from the daily transactions of business, their quota to the revenue of the country under this stamp duties scheme. With these exceptions, the measure which I shall have the honor of introducing, should the Committee pass the resolutions I will submit for their approval, differs in no material respect, so far as I am aware, from the law that was passed in 1865. So far as our propositions for increasing the revenue by means of stamp duties are concerned, I do not remember any other matter which I should specially allude to on the present occasion The subject is one which will no doubt be fully discussed when the question is fairly before the House. The following are the resolutions I intend to submit when the discussion on the Financial Statement is closed:—That from and after the first day of April, 1880, there shall be paid upon or in respect of the several instruments, matters, and things, hereinafter described the several stamp duties hereinafter specified that is to say upon,—Agreement or any minute or memorandum of an agreement made in the Colony of New South Wales *under hand only* and not otherwise specifically charged with any duty whether the same be only evidence of a contract or obligatory upon the parties from its being a written instrument, 1s.; Bank Notes—An annual composition to be paid by Banking Companies in lieu of duties on promissory-notes payable on demand issued by them, for every £100 and also for the fractional part of £100 of the average annual amount of such notes in circulation as certified under 4 Vic. No. 13, £2; Bill of Exchange, payable on demand, 1d.; Bill of Exchange of any other kind whatsoever (except a Bank note), and promissory-note of any kind whatsoever (except a Bank note) drawn or expressed to be payable or actually paid or endorsed or in any manner negotiated in the Colony of New South Wales, where the amount or value of the money for which the bill or note is drawn or made, for every £50 and also for any fractional part of £50, 6d *And the following instruments are to be deemed and taken to be promissory-notes chargeable with ad valorem duty within the intent and meaning of this Act:*—All Debentures hereafter issued by any public company, corporation, or society, in the Colony of New South Wales—and all debentures whatsoever issued out of the Colony of New South Wales if negotiated within the Colony of New South Wales. Bill of Lading or Receipt from the master, mate, or agent of any vessel for any goods, merchandise or effects to be carried to any place beyond the boundaries of the Colony, for every such bill of lading or copy thereof, 1s.; for every such receipt or copy thereof, 6d.; bond for securing the payment or repayment of money or the transfer or retransfer of stock and bond accompanied with a deposit of title deeds for making a mortgage or other security on any estate or property therein described, the same duty as on a mortgage to secure a like amount; bond of any other kind whatsoever, for every £100 of the penalty of such bond or fractional part of £100, 2s. 6d.; conveyance or transfer on sale of any share or shares in the stock and funds of any corporation, company, or society whatever in New South Wales, for every £10 and also for any fractional part of £10 of the consideration money therein expressed, 6d.; conveyance or transfer on sale of any property (except such stock and funds as aforesaid), where the amount or value of the consideration for the sale does not exceed £50, 5s.; exceeds £50 and does not exceed £100, 10s.; for every £100 and also for any fractional part of £100 of such amount or value, 10s.; conveyance of any other kind not before charged, £1; covenant for securing the payment or repayment of money or the transfer or retransfer of stock, the same duty as on a mortgage to secure a like amount; covenant—any separate deed of covenant (not being an instrument chargeable with *ad valorem* duty as a conveyance on sale or mortgage) made on the sale or mortgage of any property and relating solely to the conveyance or enjoyment of or the title to the property sold or mortgaged or to the production of the muniments of title relating thereto or to all or any of the matters aforesaid, where the *ad valorem* duty in respect of the consideration or mortgage

money does not exceed 10s., a duty equal to the amount of such *ad valorem* duty; in any other case 10s.; deed or instrument of any kind whatever not otherwise charged in this schedule, £1; lease (1.) For any definite term or for an indefinite term of any lands, tenements, or heritable subjects,—where the consideration or any part of the consideration moving either to the lessor or to any other person shall consist of any money, stock, or security, in respect of such consideration, the same duty as a conveyance on a sale for the same consideration; where the consideration or any part of the consideration shall be any rent, in respect of such consideration, for every sum not exceeding £50 per annum, 2s. 6d., and for every £50 or fractional part of £50 per annum, 2s. 6d. (2.) Of any other kind whatsoever, £1. Memorandum of transfer under the Act 26 Victoria No. 9, the same duty as for a conveyance for the sale of lands for a like sum the consideration of such transfer; mortgage, bond, covenant, warrant of attorney to confess and enter up judgment and Foreign security of any kind—(1.) Being the principal or only or primary security for the payment or repayment of money not exceeding £100, 5s., and for every £100 and also for any fractional part of £100, 5s. (2.) Being a collateral or additional security for the above-mentioned purpose where the primary security is duly stamped—For every £100 and also for any fractional part of £100, 2s. 6d. (3.) Transfer or assignment of any mortgage, bond, covenant, or foreign security, or of any money or stock secured by any such instrument, or by any warrant of attorney to enter up judgment, or by any judgment.—For every £100 and also for any fractional part of £100 of the amount transferred or assigned, 2s. 6d. (4.) Reconveyance, release, discharge, surrender, resurrender, or renunciation of any such security as aforesaid or of the benefit thereof, or of the money thereby secured—For every £100 and also for any fractional part of £100 of the total amount or value of the money at any time secured, 2s. 6d. Policy for or against loss by fire—For every £100, and also for every fractional part of £100 insured for any term or period exceeding six calendar months, 6d; and not exceeding six months, 3d.; on every renewal or continuance thereof, for every £100 and for every fractional part of £100 insured for any term, 3d. Policy for any voyage or period—For every £100 and also for any fractional part of £100 so insured, 3d.; on every renewal or continuance thereof for every £100 or fractional part of £100, 3d. Policy not otherwise specified—For every £100 and for every fractional part of £100 insured, 1s. Receipt given for or upon the payment of any sum of money amounting to £2 and upwards—For or in respect of any transaction other than one strictly confined to the purchase or sale of any goods wares or merchandise—where the sum received or paid shall amount to £2 and not exceed £10, 1d.; exceed £10 and not exceed £25, 3d.; exceed £25 and not exceed £50, 6d.; exceed £50 and not exceed £100, 1s.; and where the same shall exceed £100, 2s. 6d. For or in respect of any transaction strictly confined to the purchase or sale of any goods, wares, or merchandise—where the sum received or paid shall amount to £2 and not exceed £25, 1d.; exceed £25 and not exceed £50, 2d.; exceed £50 and not exceed £100, 3d.; and where the same shall exceed £100, 6d. Settlement—Any instrument, whether voluntary or upon any good or valuable consideration other than a *bona fide* pecuniary consideration whereby any definite and certain principal sum of money (whether charged or chargeable on lands or other hereditaments or heritable subjects, or not, or to be laid out in the purchase of lands or other hereditaments or heritable subjects or not) or any definite and certain amount of stock or any security or property of any sort is settled or agreed to be settled in any manner whatever—For every £100 and also for any fractional part of £100 of the amount or value of the property settled or agreed to be settled, 5s. Transfer of any run or station held under lease or promise of lease from the Crown, or of any interest therein, where the declared value of the said run or station or interest, or the value thereof assessed as in this Act provided, shall not exceed £100, 10s.; and where such value shall exceed £100, then for every £100 and any fractional part of £100, 10s. Warrant of attorney to confess or enter up a judgment given as a security for the payment or repayment of money, or for

the transfer or retransfer of stock. The same duty as a mortgage to secure a like amount. Warrant of attorney of any other kind, £1. Exemptions: — Any agreement or memorandum for the hire of any labourer, artificer, manufacturer, or menial servant. Any agreement or memorandum made for or relating to the sale of any goods, wares, or merchandise. Any agreement or memorandum made between a master and any mariner of any ship or vessel for wages on any voyage coastwise from port to port in the Colony of New South Wales. Any Debenture or Treasury Bill issued by the Government of New South Wales. Any draft or order for the payment of money issued by any duly authorized officer of the Government on account of the Public Service. Any draft or order for the payment of money commonly called an advance note issued by a master of a ship or vessel in favour of a seaman. Any instrument relating to the service of an apprentice, clerk, or servant. Any Customs bond. Any administration bond. Any bond to the Crown for the safe custody of an insane person. Any bond on appointment of a special bailiff. Any policy of insurance in any public hospital. Any policy of insurance on the tools or implements of work or labour used by any working mechanic, artificer, handicraftsman, or labourer by a separate policy in a distinct sum. Any policy whereby any Insurance Company or underwriter or association of underwriters may effect an insurance or transaction the original policy representing which may have already contributed to the Stamp Duty imposed on Policies: Provided that the fact of such policy being a re-insurance policy shall be expressed on the face hereof. Any receipt given for or upon the payment of money to or for the use of Her Majesty. Any acknowledgment by any banker of the receipt of any bill of exchange or promissory-note for the purpose of being presented for acceptance or payment. Any receipt written upon a bill of exchange or promissory-note duly stamped. Any receipt indorsed or otherwise written upon or contained in any instrument liable to stamp duty and duly stamped acknowledging the receipt of the consideration money therein expressed. Any acknowedgments given for money deposited in any banks to be accounted for, provided that this exemption shall not extend to receipts or acknowledgments for sums paid or deposited for or upon any letters of allotment of shares or in respect of calls upon any scrip or shares of or in any joint stock or other company or intended company which said last-mentioned receipts or acknowledgments by whom soever given shall be liable to the duty charged upon receipts. Any instrument of appointment relating to any property in favour of persons specially named or described as the objects of a power of appointment created by a previous settlement duly stamped in respect of the same property or by will where probate duty has been paid in respect of the same property as personal estate. Any instrument for the sale transfer or other disposition of any ship or vessel or any part interest share or property of or in any ship or vessel; and any copy of rules or power, warrant, or letter of attorney granted by any trustee of any friendly society within the meaning of Part III of the "Friendly Society's Act of 1873" for the transfer of any share in the Colonial Funds or debentures standing in the name of such trustee, or any order or receipt for money contributed to or received from the funds of any such society by any person liable or entitled to pay or receive the same by virtue of the rules thereof, or any bond to be given to or on account of any such society, or by the treasurer or by any officer thereof, or any draft or order or any form of policy, or any appointment of an agent or any certificate or other instrument for the revocation of any such appointment, or any other document whatever required or authorized by the rules of any such society shall be exempt from all stamp duties: Provided that no exemption from any stamp duties shall be deemed to extend to any society which shall assure the payment of money exceeding two hundred pounds, or of any money on the death of a member to any person except executors, administrators, or assigns of such member or the husband, wife, father, mother, child, brother, sister, nephew, or niece of such member. That from and after the first day of April, 1880, there shall be paid upon or in respect of the several instruments, and things hereinafter described, the several Stamp Duties hereinafter specified that is

to say, upon,—probate of a will and letters of administration with a will annexed—Where the estate and effects for or in respect of which such probate or letters of administration shall be granted *exclusive of what the deceased shall have been possessed of or entitled to as a trustee for any other person or persons and not beneficially* as sworn to by the executor or administrator shall be—Under the value of £100, £1; of the value of £100 and under the value of £200, £2; of the value of £200 and under the value of £300, £3; of the value of £300 and under the value of £400, £4; of the value of £400 and under the value of £500, £5. And where the value so sworn as aforesaid shall amount to £500 and upwards then 1 per cent. on the whole amount. Letters of administration without a will annexed—Where the estate and effects for or in respect of which such letters of administration shall be granted *exclusive of what the deceased shall have been possessed of or entitled to as a trustee for any other person or persons and not beneficially* as sworn to by the administrator shall be—Under the value of £100, £1 10s.; of the value of £100 and under the value of £200, £3; of the value of £200 and under the value of £300, £4 10s.; of the value of £300 and under the value of £400, £6; of the value of £400 and under the value of £500, £7 10s. And where the value so sworn as aforesaid shall amount to £500 and upwards then one and a-half per centum on the whole amount. That from and after the 1st day of April, 1880, the following duties shall be granted and made payable upon and for every legacy specific or pecuniary of the value of £20 and upwards, and upon and for every share or residue of the personal estate of any person dying and leaving such estate of the clear value of £100 or upwards, which shall pass either by devise or by force of the Statute of Distribution, that is to say:—Where any such legacy or residue or any share of such residue shall have been given or have devolved to or for the benefit of *a child of the deceased* or *any descendant of a child of the deceased*, or to or for the benefit of *the father and mother* or *any lineal ancestor of the deceased*, a duty at and after the rate of £1 per centum on the amount or value thereof, £1 per centum. Where any such legacy or residue or any share of such residue shall have been given or have devolved to or for the benefit of *a brother or sister of the deceased*, or *any descendant of a brother or sister of the deceased*, a duty at and after the rate of £2 per centum on the amount or value thereof, £2 per centum. When any such legacy or residue, or any share of such residue, shall have been given or have devolved to or for the benefit of *a brother or sister of the father or mother of the deceased*, or *any descendant of a brother or sister of the father or mother of the deceased*, a duty at and after the rate of three pounds per centum on the amount and value thereof, £3 per centum. Where any such legacy or residue, or any share of such residue, shall have been given or have devolved to or for the benefit of *a brother or sister of a grandfather or grandmother of the deceased*, or *any descendant of a brother or sister of a grandfather or grandmother of the deceased*, a duty at and after the rate of five pounds per centum on the amount or value thereof, £5 per centum. And where any such legacy or residue, or any share of such residue, shall have been given or have devolved to or for the benefit of any person *in any other degree of collateral consanguinity to the deceased* than is above described, or to or for the benefit of *any stranger in blood* to the deceased, a duty at and after the rate of six pounds per centum on the amount or value thereof, £6 per centum. And all gifts of annuities, or by way of annuity, or for any other partial benefit or interest out of any such estate or effects as aforesaid, shall be deemed legacies. And where any legatee shall take two or more distinct legacies or or benefits under any will or testamentary instrument which, shall together be of the amount of value of £20 each, shall be charged with duty though each or either may be separately under that amount or value. *Exemptions.—Legacies and residues or share of residue of any such estate or effects as aforesaid given or devolving to or for the benefit of the husband or wife of any person who shall have died or who shall die subsequently to the 1st April*, 1880. *Legacies given for religious, educational, or charitable purposes.*—That from and after the 1st day of April, 1880, the following duties shall be granted and made payable upon and for every succession to the

beneficial enjoyment of any real or personal estate, or to the receipt of any portion or additional portion of the income or profits thereof that may take place upon or in consequence of the death of any person under whatever title, whether existing or future, such succession may be derived, that is to say :—Where the successor shall be the lineal issue or lineal ancestor of the predecessor a duty upon the value of the succession at the rate of £1 per centum. Where the successor shall be *a brother or sister*, or *a descendant of a brother or sister of the predecessor*, a duty upon the value of the succession of £2 per centum. Where the successor shall be *a brother or sister of the father or mother*, or *the descendant of a brother or sister of the father or mother of the predecessor*, a duty upon the value of the succession of £3 per centum. Where the successor shall be *a brother or sister of the grandfather or grandmother*, or *a descendant of the brother or sister of the grandfather or grandmother, of the predecessor*, a duty upon the value of the succession of £5 per centum. Where the successor shall be *in any other degree of collateral consanguinity to the predecessor* than is hereinbefore described, or shall be a *stranger in blood* to him, a duty upon the value of the succession of £6 per centum. *Exemptions.—Where the whole succession or successions derived from the same predecessor and passing upon any death to any person or persons shall not amount in money or principal value to* £100, *no duty shall be payable, and no duty shall be payable upon any successions which as estimated shall be of less value than* £20 *in the whole or by any person in respect of a succession who if the same were a legacy bequeathed to him by the predecessor would be exempted from the payment of duty in respect thereof. All successions acquired in trust for religious educational or charitable purposes.* I now come, Sir, to the second division of our taxation scheme, namely, indirect taxation, which is of two kinds : Excise duties and duties on importations. First then, we intend to submit to the Committee a proposition for slightly increasing the Customs duties, as the present tariff is not, as I have already shown, an oppressive one, we think the duties on a few articles of luxury, rather than necessity, could bear a small increase without undue pressure upon any class in particular. I quite admit the undesirableness of frequent alterations in the tariff, as they have a tendency to unsettle the operations of trade, and cause much inconvenience to those engaged in mercantile pursuits. A charge of this kind cannot, however, with justice, be made against this Colony, for no additions have been made to her Tariff since the year 1871 ; on the contrary, some considerable reductions have been made which have had the effect of removing many obnoxious restrictions on the trade and commerce of the Port of Sydney. We propose to raise the duty on spirits from 10s. to 12s. a gallon, by which I expect to realize an extra sum of £100,000. Spirits are not exclusively the poor man's drink. They form a beverage which is largely, perhaps too largely, consumed by the higher and middle classes of society, who are well able to pay the additional 2s. per gallon. If the higher rate is found to have a tendency to check the consumption of ardent spirits, the result will be a benefit to the Colony in another way, and thereby afford some consolation for the loss of the expected extra duty. In that event we would have to cast about for some other source of revenue to make good the deficiency. At the present time spirits pay a duty of 12s. per gallon in Queensland, New Zealand, and Tasmania ; and in Western Australia, 15s. In Victoria and South Australia the rates are the same as ours are at present, viz. : 10s. per gallon. The 12s. duty on spirits is not new to this Colony, as I find it was in force from 1840 to 1847, after which it was reduced, for some reason or other to 6s. ; from that time it has been gradually raised to its present rate, at which it has long remained. We propose also to increase the duties on imported wine, which is certainly not the poor man's beverage. Sparkling wines now bear a duty of 6s. per gallon, and all other kinds, 4s. The former we propose to raise to 10s., and the latter to 5s. per gallon. From these increases I expect to obtain £12,000. I admit that these rates are high, but those who can afford to use imported wines will never feel the extra charge, which in the one case will be about 8d. per bottle and in the other only 2d. Under the tariff of 1855, popularly known as the "Deas-Thomson Tariff," wine containing more

than 25 per cent. of alcohol was chargeable with a duty of 10s. per gallon, a rate which continued in force for many years. As it is our intention to submit to the Committee a proposition for an excise duty on Colonial manufactured ale, beer, and porter, we think it right, as an act of justice to the local manufacturers of these beverages, to increase also the duties on importations. I therefore propose to increase the present tariff charges on ale, beer, and porter imported in bottle from 9d. to 1s. per gallon, and in wood, from 6d. to 9d. I expect to realize from these changes £13,000. The next and only other item of the tariff which we propose to increase the duty on is tobacco, and here, I presume, I shall be reminded that by so doing we are taxing the working man's most cherished and almost indispensable luxury. This may be the case to a certain extent, for the working man—and by the way the use of tobacco is not confined to him alone—will no doubt have to pay a certain proportion of the additional duty we propose to levy on leaf tobacco, but I am inclined to think it will come partly out of the pockets of the manufacturers, who have hitherto derived great pecuniary benefit from our present differential duties. Honorable members are aware that imported manufactured tobacco is now subject to a duty of 2s. per lb. and unmanufactured or leaf tobacco 1s. per lb. The lower rate was fixed for the purpose of enabling manufacturers to compete with the imported manufactured article. It is, however, now pretty well known that Colonial grown tobacco is largely mixed with imported leaf in our manufactories here, and sold as tobacco manufactured solely from the latter. To place this matter upon a right basis, as well as to secure to the revenue all the duty to which it is entitled on this article of luxury, we propose to increase the duty on imported leaf tobacco from 1s. to 1s. 3d. per lb., and charge a duty of 3d. per lb. on all tobacco manufactured in the colony. As a change of this nature might, however, prove prejudicial to many who have gone to great expense in erecting extensive manufactories, unless we at the same slightly increase the duty on imported manufactured tobacco, I propose to raise the rate on that article from 2s. to 2s. 6d. per lb., which is similar to the rates charged in Queensland and New Zealand at the present time. When these propositions are clearly understood by honorable members, I feel sure they will not hesitate to give them their support. From these modifications of the tobacco duties I estimate that we shall receive additional revenue to the amount of £46,000. We next propose, as already said, to charge an Excise duty on Colonial manufactured ale, beer, and porter. It is universally admitted that as these are beverages of general consumption they are legitimate objects of taxation, and should therefore be subject to duty, whether manufactured in the colony or imported from abroad, as in the case of spirits. Having no desire to burden unnecessarily an industry of this kind by a duty equal to that imposed upon the imported articles, we propose at present to charge a uniform rate of only 3d. per gallon. If we increase our present Customs duties on ale, beer, and porter to the extent I have mentioned, then the proposed Excise duty of 3d. per gallon should not militate against the brewers of this Colony, who would still be able to successfully compete with importers. The duties collected on ale and beer have fallen off considerably since 1873. In that year the amount collected was £45,000; in 1874, £42,000; in 1875, £40,000; in 1876, £35,000; in 1877, £35,000; in 1878, £33,000; in 1879 it is expected to be £40,000, probably owing to the great demand consequent on our Exhibition. For 1880 the duty is estimated at only £36,000. These figures must convince honorable members that Colonial ale and beer are rapidly displacing the imported articles. If this were not the case we should receive through the Custom-house in 1880 from present rates a sum of £60,000 or £70,000. By the proposed Excise duty on ale, beer, and porter, I hope to add to our public income next year a sum of £37,500. Some honorable members may be disposed to question the propriety of Excise duties on ale, beer, and porter, while sugar, wine, and kerosene, which are also largely manufactured in the Colony, are allowed to escape. To that objection I would simply say that the day is perhaps not remote when it will be found necessary to tax these articles to some small extent also. In the meantime it is not required to do so for revenue

purposes. Besides that, all these industries are still in their infancy, and the imposition of Excise duties at this early stage of their existence might have a very injurious effect upon them. The manufacture of ale, on the other hand, is well established in the Colony, and of much older date. Another reason is, that ale and beer, not being such necessaries of life as, at all events, sugar and kerosene, are therefore more legitimate objects of taxation. Having submitted our taxation scheme and explained it as fully as the circumstances and occasion would warrant, I shall now read to the Committee those resolutions which relate to our propositions for indirect taxation. They are as follows:—That in lieu of the duties of Customs now chargeable on spirits imported into this Colony the following duties shall be charged, that is to say: From and after the 10th day of December, 1879, on all kinds of spirits the strength of which can be ascertained by Sykes' hydrometer, 12s. the proof gallon, and on all spirits and spirituous compounds the strength of which cannot be ascertained by Sykes' hydrometer, 12s. the liquid gallon. That in lieu of the duties of Customs now chargeable on wines imported into the Colony the following duties shall be charged, that is to say, from and after the 10th day of December, 1879, on sparkling wines, 10s. per gallon, and on all other kinds of wines, 5s. per gallon. That in lieu of the duties of Customs now chargeable on ale, beer, and porter, imported into this Colony, the following duties shall be charged, that is to say, from and after the 10th day of December, 1879, on ale, beer, and porter, in bottle, 1s. per gallon, and on ale, beer, and porter, in wood, 9d. per gallon. That in lieu of the duties of Customs now chargeable on tobacco imported into this Colony, the following duties shall be charged, that is to say, from and after the 10th day of December, 1879, on manufactured tobacco, 2s. 6d. per lb., and on unmanufactured or leaf tobacco, 1s. 3d. per lb. That from and after the 1st day of January, 1880, there shall be taken and levied upon all ale, beer, and porter, manufactured in the Colony, the sum of 3d. per gallon. That from and after the 1st day of January, 1880, there shall be taken and levied upon all tobacco manufactured in the Colony, whether from imported leaf tobacco or from tobacco grown in the Colony, or from both combined, the sum of 3d. per lb. I do not think, Mr. Cameron, that I have anything further to say in elucidation of our present financial position, but should my statement be found lacking in any important particular I shall be happy to supply the omission if hon. Members will have the kindness to point out what further information they require. Before concluding, I desire to say that although the revenue of the present year will be very much less than I expected it would be, when I made my last Financial Statement, the falling off will not be so much in our ordinary revenue as in the amount estimated to be received from Land Sales, a circumstance which should not create much alarm, inasmuch as we have still the land which that revenue, had we got it, would have represented. The amount will come in at some future time, when we perhaps stand in need of it more than we do even now. I would also remind the Committee that we do not stand alone in having a deficient revenue this year, for if I am not much mistaken there is not one of the Australian group of Colonies but has had to acknowledge to a serious falling off in its public income, and I think the same unsatisfactory state of affairs has been found to exist in the United Kingdom as well as in several of the principal States of Europe. Commercial depression and stagnation of trade, arising from causes which it is almost impossible to trace, have long been universal in the northern hemisphere; and although we are far distant from the great marts of the world their influences have reached us even here, and to some considerable extent have affected all our business transactions and relations, and through these our public income also. The tide of prosperity having however set in at Home, let us hope that ere long its life-giving waves will reach our shores, and that the blessings that naturally flow to all classes of the community from a revival of trade and commerce will soon dispel the gloom which has of late surrounded us. I now beg to move, that towards making good the Supply granted to Her Majesty for the Service of the year 1880, the sum of £2,135 be granted out of the Consolidated Revenue Fund of New South Wales.

NEW SOUTH WALES.

Supplementary Financial Statement of the Honorable James Watson, made 16th June, 1880.

LEGISLATIVE ASSEMBLY.

16th June, 1880.

SUPPLEMENTARY FINANCIAL STATEMENT.

Sir,—I beg to move that, towards making good the Supply granted to Her Majesty, there be granted out of the Consolidated Revenue Fund of New South Wales a sum of £4,611 4s. 2d. to defray charges for Services of 1878 and previous years. In moving this resolution I desire to take the opportunity which it affords me of stating to the Committee our present financial position, and this I do not only in fulfilment of a promise I recently made, but as a duty I owe to the Committee. I am aware that the course I am about to adopt may be considered a somewhat unusual one; but under the peculiar circumstances in which I now find myself placed, it becomes my duty, as the Minister more immediately responsible to Parliament for the management of the public finances, to make a statement of this nature. It will be scarcely necessary for me to remind the Committee that, although it is now six months since I made the Financial Statement proper to this session only a small portion of the new taxation which I then proposed, for the purpose of equalising the revenue and expenditure of the country, has been sanctioned by Parliament. Besides that, I am sorry to say that the revenue of the last five months shows a large falling off, as compared with the revenue of the corresponding five months of 1879. In order to convey to the minds of honorable members a correct idea of our present financial prospects, and the anticipation I formed in December last, I shall have to recapitulate a few of the results then placed before the Committee; and, while I have no desire to detain the Committee, yet I would ask the forbearance and attention of honorable members for a short time while I endeavour, in as few words as possible, to make them understand clearly our present position. When I have done this, I will then explain our proposals for increasing the revenue in order to make good the falling off referred to, which is chiefly, if not altogether, in the sale by auction of our public lands. To show that we can no longer calculate and rely upon auction sales of land as a reliable source of income, I shall state the amounts received from sales of this kind during the last few years. In 1874 the receipts were £553,000; in 1875, £1,019,000; in 1876, £1,561,000; in 1877, £1,967,000; in 1878, £1,059,000; and in 1879, £698,981. For the first five months of the present year the receipts from auction sales have been only £152,000, as against £477,000 for the corresponding period of 1879, which is a reduction of £295,000. From these figures it can easily be seen that it is absolutely necessary that some substitute should be found for the income thus lost. Indeed, it would, in my opinion, be most unwise to depend in future to any great extent upon this source of revenue; nor is it desirable we should, as we can hardly expect to again receive such enormous sums as those just mentioned. In December last I estimated that the revenue of 1880, including £358,500 of proposed new taxation, would amount to £5,120,375, and that the

expenditure proper to the year would probably be £4,984,183. This left an estimated surplus of £136,192. As already stated, however, the revenue of the present year has not so far come up to expectations, but the falling off has been principally in the land sales, which, as I have already shown, was no less than £295,000. My estimates of revenue from other sources will, I confidently anticipate, be realised on the whole year, although some of them have not yielded their fair proportion during the past five months. This can be accounted for on several grounds with which it is not necessary I should trouble the Committee, but I fully expect that my estimate for the year will be realised. The Lands Acts Amendment Act, recently passed, cannot fail to promote the alienation of Crown lands by conditional purchase, as the conditions of sale are much more liberal than formerly, so that instead of £250,000 estimated to be received under this head, I have good reason to expect that the actual receipts will be considerably more, but for the present I take no credit for any increase of this kind. In addition to the anticipated loss on land auction sales this year, honorable members will doubtless recollect that the Stamp Duties Bill which I introduced in the early part of the session did not become law. Had the proposed stamp duties come into operation on the 1st of April last, as I had intended, we should have realised during the last two months (say) £40,000. To that loss we have to add (say) £20,000 for the present month, making together a loss of £60,000 for the quarter. In making my Financial Statement in December, I estimated that this source of revenue would have yielded us £150,000 this year, being at the rate of £200,000 annually. Some alterations, however, were made in the schedule to the Bill in passing through Committee; and having made the most careful calculations, I am now led to expect that £250,000 would have been realised during the first year of its operation. The Committee having refused by a small majority to impose the proposed excise duty on beer which I submitted, the Government considered it undesirable to submit their proposition for an excise duty on tobacco, or the increased duties proposed on imported tobacco, ale, and porter, as these were contingent upon the passing of the excise duties. These duties, had they been sanctioned by the Committee, would, I estimate, have given us £96,000 additional revenue. In consequence of the serious falling off in the amount anticipated from the sale of public lands by auction, I have reduced my estimate of revenue from this source from £750,000 to £525,000, or a reduction on the year of £225,000. This reduction brings the estimated amount for this year to a lower sum than that received in the year 1874, which was £553,000. I am sure honorable members will not say that £525,000 is an excessive amount to receive from the sale of lands by auction when it is borne in mind that £75,000 will be expended on immigration, £528,000 for the construction and maintenance of roads, and over £200,000 for important public works throughout the Colony. Besides these services, many of which it must be admitted are fair and legitimate charges on the proceeds of land sales, a very large proportion of the expense of the Land Department is also chargeable thereto. For many years prior to 1874, when the increased demand for land commenced, these sales averaged £250,000 a year, an amount to which no exception was taken; and, considering the increase in the population since then, and the increased expenditure for the settlement and improvement of the interior, I think the amount I have named may be fairly looked for annually. Our position at the present time is this: My estimate, to be derived from the sale of lands by auction, will not be realised to the extent of £225,000, and in consequence of our taxation scheme not having passed in its entirety, we have lost, at all events for the present, anticipated revenue to the amount of £246,500, making together a reduction of £471,500. But in addition to that I have now to submit the Additional Estimates to which I referred in my Financial Statement on account of this year's expenditure, which I find amounts to £104,562. Adding this to the reduction of £471,500 on my original estimate of revenue, it will be seen that we are in a worse position at the present moment, to the extent of £576,062, than I anticipated we should be when I made my

Statement in last December. Instead, therefore, of a surplus of £136,000 as then estimated, there is an apparent deficiency of £440,062. I say apparent, because I anticipate there will be, as usual, appropriations and balances of appropriations, which will not be required for expenditure, to the amount of at least £250,000. This would reduce the deficiency of £440,062 to £190,062. Past experience, however, convinces me, that we cannot do without Supplementary Estimates, so that I expect we shall have to bring one down next session, which, in all likelihood, will amount to say £100,000. I do not anticipate that it will exceed this sum, because the additional estimate, which I have laid before the Committee, contains many items, which, but for the late period at which I brought down the estimate, would have appeared only on the Supplementary Estimates. This additional £100,000 will, therefore, raise the estimated deficiency to £290,062, which is the sum I have now to deal with, and for which it is necessary provision should be made. I will therefore proceed to lay before the Committee our proposals for increased taxation to make good the deficiency just stated, and I trust that honorable members will throw aside any feeling and unite with the Government in endeavouring to place the finances of the country upon a basis which will remain firm and durable for many years to come. I presume I need hardly inform honorable members that we intend to again bring in the Stamp Duties Bill. As this Bill introduces a scheme of taxation which has twice received the approval of both branches of the Legislature, and besides which it is one that will bring in a large revenue to the State without unduly pressing upon any class in the community, we feel it our duty to submit it once more for the approval of the Committee. In doing so, however, we shall make such alterations as will, we trust, meet the views of those who took exception to certain parts of the Bill, without in any way compromising the undoubted rights of this House with regard to money Bills. These rights have been freely admitted, although it has been contended by some that the alterations made in the Bill by the other branch of the Legislature, were not an infringement of such rights, but were simply introduced to render less ambiguous certain clauses which it was supposed might be afterwards construed to give a retrospective application to certain kinds of duties which the Government admitted was not intended. Without expressing any opinion on the point, which has already been fully discussed in this Chamber, I will content myself with saying that, notwithstanding our views on this question remain unchanged, we have come to the conclusion that it is our duty in the present state of the Public Finances of the Colony, and in the interest of the public, to make such alterations in the phraseology of the Bill as will ensure its speedy passage through all its stages with a view to its coming into operation on the 1st of July next. With the exception of the alterations alluded to, and a few verbal corrections, the Bill I shall ask permission to introduce will be found practically the same as the one twice approved of by this Committee. If the Bill becomes law and comes into operation on the day I have named, I estimate that we shall receive from stamp duties during the last six months of this year, £125,000. This sum, if realised, and I feel confident it will be, will reduce the anticipated deficiency to £165,062. Although this is not a large sum, nor yet one that should create much alarm, it is nevertheless an amount which it is our duty to provide for during the present session, as it would not redound to the credit of either the Government or the Parliament to allow it to become a charge on the revenue of next year. Taxation of any kind is considered objectionable, and no scheme—no matter how fair and equitable which I could devise—would be pleasing to those who would be called upon to pay; but I think it will be admitted that additional revenue must be raised, if we wish to keep our revenue and expenditure equal, and I can assure the Committee that I wish the task of proposing it had fallen to some one else, yet, however unpleasant it may be, I cannot shrink from performing the duty. I will assume, then, that it is admitted the revenue must be increased; another question arises however, and this is from what source can it be obtained to be the least objectionable and the most equitable. I am unable

to fall back and again try the excise which, however, I believe is as equitable a tax as I could propose. Then a property or income tax, or both might be proposed, but at present both are open to objections with which I need not detain the Committee. Having given the subject the most careful consideration with a view to propose some scheme which would be the least objectionable, I have come to the conclusion that the most equitable means of raising revenue to cover the estimated deficiency is to take those sources of profit or wealth which practically belong to the Crown at the present time, although in the temporary occupation of others, or which have been obtained from the Crown, at one time or another, on conditions of the most liberal description. These are of two kinds, namely, the produce of the grazing lands of the Colony, and the produce of our mineral lands. It is well known and even admitted by those in possession of such sources of profit, that the State does not receive anything like an adequate return for those immense advantages which are annually enriching thousands of our fellow-colonists. We cannot deny that much private capital has been expended, much labour bestowed, and many hardships endured by some in rendering these lands productive. On the other hand it must not be forgotten that while the State has expended enormous sums of money, ostensibly for the general good, in the construction of roads and bridges, railways, telegraphs, and wharves, in improving the navigation of harbours and rivers, and in other works of an important character, the owners and occupiers of grazing and mineral lands, whether leasehold or freehold, have been largely and specially benefited by such expenditure. The saving which the expenditure of public money on railways alone has enabled this class of the community to effect far more than counterbalances the small return in the shape of direct taxes which we propose they be called upon to make to the State. Our propositions are these: An export-tax of ¼d. per lb. on greasy wool, and ½d. per lb. on washed or scoured wool; a tax of 6d. per head on horned cattle and horses—excluding working horses and working bullocks and dairy cows under a certain number; and a royalty of 6d. per ton on coal. From the export-tax on wool I estimate that we shall receive this year £114,000, and £175,000 next. From the tax on horned cattle and horses I hope to raise an annual revenue of about £60,000, which can be obtained this year in full. From the royalty on coal I expect to receive this year £19,000, which is at the rate of £38,000 per annum. In 1879 the wool exported was 129,123,573 lbs., of which 90,410,335 lbs. were greasy and 38,713,238 lbs. washed. The greater part of these exports took place during the last half of the year. This is a source of revenue which is annually increasing in value, so that we may reasonably expect to receive from it in the course of a few years an annual income of £250,000. From official records I find that there were in the Colony in 1878, 2,771,583 horned cattle, and 336,468 horses, giving together a total of 3,108,051. Allowing, however, 10 per cent. for working horses and bullocks and for dairy cattle, that quantity would be reduced to 2,787,246, which at 6d. per head would give £69,681. I only estimate, however, to receive £60,000 this year, in case I may not have allowed a sufficiently high percentage for the proposed exemptions from the tax. This, I need hardly inform honorable members, is no new description of taxation, as I find that a tax or assessment upon stock has been on two occasions in operation in this Colony. In the year 1847 an assessment on stock-tax was passed, having a currency of five years. This Act expired in 1852, but the assessment was reimposed in the year 1855, and that Act remained in force for two years. When we consider the various ways in which squatters and others have been benefited by the extensive public works which have been carried out by the Government within the last ten or fifteen years, it will, I think, be admitted that it is only fair to the community at large that they should pay to the State something approaching an equivalent for those benefits. In asking the wool producers to pay an export-tax upon wool, we are only asking them to pay what is to them an annual source of income, and in asking the stock-owners to pay 6d. per head upon their horses and cattle, it is only asking them for a rental more

commensurate with the privilege they enjoy. I am therefore satisfied that honorable members who may be engaged in pastoral pursuits, or otherwise interested in squatting, will, seeing the financial position of the country demands it, cheerfully acquiesce in the proposals of the Government, and aid them in making such proposals the law of the land. The royalty we propose on coal is so small that no one can reasonably object to its imposition. When land is sold by the Government, there is always a clause in the grant, excepting minerals, and although that clause, so far as coal is concerned, has hitherto been a dead letter, still the right to the minerals in such lands on the part of the Crown exists. For the permission to raise and sell coal, found on lands which were once in the possession of the Crown, the Government propose to charge a royalty of only 6d. per ton. This charge will be on the output, which, in 1879, was over £1,500,000. Judging by the past, the output of coal must go on increasing every year. I have no hesitation, therefore, in saying that before many years the royalty will yield an annual sum of £50,000 or £60,000. In selecting wool, cattle, and coal as legitimate items of taxation, the Government have been influenced by various reasons, some of which I have already stated. One other I may state, and that is their collection will entail almost no additional expenditure, as the tax upon wool will be collected at the Custom House by the present officers, while the royalty on coal will be paid direct to the Treasury by the proprietors of coal mines on sworn returns, and their books will be open at all times to the scrutiny of the Treasury inspectors. The per head tax upon cattle will also be based upon sworn returns from stock-owners who can pay the amount of their assessment, either to the Treasury or to the nearest land agent of their district. I am free to admit that the easy collection of a tax is no ground or justification for its imposition, but when the tax is a fair and reasonable, as well as an equitable one, its inexpensive collection tends materially to enhance its value and popularise it, even with those who have to bear it. If our proposals are assented to by the Committee, then we shall receive during the present year from stamp duties, £125,000; from the export duty on wool, £114,000; from the tax upon horses and cattle, £60,000; and from the royalty on coal, £19,000; making in all £318,000. Deducting from this sum the estimated deficiency of £290,000, there is left an estimated surplus at the end of year of £28,000. I must confess I should have been pleased to see the amount much larger in order to provide for unforeseen charges that may arise during the remainder of the year. Next year, and it is right that honorable members should see this, the probable product of these taxes would be as follows:—Stamp duties, £250,000; export-tax on wool, £175,000; stock-tax, £60,000; and royalty on coal, £38,000, or amounting together to £523,000. If to this be added the increased Customs duties on spirits and wines, assented to during the present session, and which were estimated at £112,000, we shall have increased taxation to the extent of £635,000. To meet, however, the annually increasing expenditure on account of public works and improvements, if they are to be continued, and a probable falling off in the amount derived from the alienation by auction of the public lands, it will I fear be found that further taxation will ultimately be found absolutely necessary, and when it is borne in mind that the direct taxation is under £2 per head of the population, we cannot complain. Indeed, if we rightly estimate the requirements of our growing and increasing population in the interior, and desire to take advantage of the natural resources at our command, it is clear to my mind that we must increase our direct taxation, and I believe that this can be done without pressing unduly on any particular class. This I could easily point out, but as I have no desire to anticipate the future, I will now content myself for the present by reading the resolutions which I intend to submit to the Committee. They are,—

1. That from and after the 1st day of July, 1880, there shall be taken and levied upon wool exported from the colony, being the produce of New South Wales, the following duties:—That is to say—on greasy wool, ¼d. per lb., and on washed or scoured wool, ½d. per lb.

2. That on or before the 31st day of October in each and every year, commencing with the year 1880, there shall be payable to the Colonial

Treasurer or to such officer or officers as he may appoint to receive the same, 6d. per head on all horses and cattle in the colony on the 31st day of August in each year, exclusive of working horses and bullocks and dairy cows, not exceeding fifty in each case.

3. That from and after the 1st day of July, 1880, there shall be paid to the Colonial Treasurer 6d. per ton on all coal, shale, and other material of a like nature obtained from the lands of the Colony from and after that date.

Having thus shown our proposals for increasing the revenue, I think it due to the Committee that I should state, before I close, the position of the account for 1879, and show to what extent the Surplus Revenue Account is effected by the changes which have taken place since it was last submitted to the Committee. This, I shall now endeavour to do. In the Ways and Means of December last I estimated that there would be a deficiency of £200,000 on the revenue of 1879. In consequence, however, of the receipts of the latter part of the year having fallen short of my estimate the deficiency turned out to be £251,000. Since then it has been found necessary to bring down a further Supplementary Estimate for £135,000, thus increasing the deficiency to £386,000. This is, I am free to admit, an unsatisfactory state of last year's account, but it is almost entirely owing to the falling off in the auction land sales, which realised £300,000 less than I estimated they would when I made my Financial Statement on the 12th of February, 1879. This, as I have already shown, proves unmistakeably that we should not depend, in future, on such an uncertain source of income to the extent we have hitherto done. It also proves the absolute necessity of providing a substitute by increased taxation unless the Committee is prepared to stop those public works which have always been considered a fair charge on the Consolidated Revenue Fund. With regard to the Surplus Revenue Account, it may be remembered that in the account I submitted in December last I showed a probable surplus of £618,000, which I stated would have to be charged with the then estimated deficiency of 1879. That surplus is now charged with the ascertained deficiency of last year, namely, £386,000, and with two further estimates amounting together to £128,050. These charges, after taking credit for a few reductions in the old liabilities, bring the surplus down to £132,000. I think I have now, as briefly as I could, placed before honorable members our present financial position and the means which I propose to increase the revenue, and so equalise it with our expenditure, but should I have forgotten anything I shall be glad to supply honorable members with the information on its being pointed out. I now leave our taxation proposals in the hands of the Committee with the full assurance that they will receive that careful consideration which their great importance at the present time demands.

NEW SOUTH WALES.

THE FINANCIAL STATEMENT of the HONORABLE JAMES WATSON, made 9th February, 1881.

LEGISLATIVE ASSEMBLY.

9th February, 1881.

FINANCIAL STATEMENT.

Mr. CAMERON: I beg to move that there be granted to Her Majesty out of the Consolidated Revenue Fund the sum of £1,929, to meet pensions for 1881, under the head of Supplement to Schedule B. As this resolution is of the usual formal and initiatory character which enables me to explain to the House the financial position of the country, I shall now proceed to discharge that important duty to the best of my ability, feeling assured that while doing so I shall receive from honorable Members a similar indulgence to that which was so generously extended to me on former occasions. Although it will be my endeavour to make my statement as concise and intelligible as possible, I fear I shall not succeed to the extent I could wish, because I know that in every assembly there are always some who weary under explanations of accounts, and I do not lay claim to the power of embellishing them in language which would make them attractive otherwise. My desire is to place before the Committee our present and prospective financial position in a manner which all can comprehend. The statement which I am about to make will be for the most part an explanation respecting the finances of the year that is past and a forecast of those of the year upon which we have entered; but in doing this it will be my duty to show whether our existing sources of revenue are sufficient to produce an income during the present year equal to our estimated expenditure, and if not in what way we propose to make up the deficiency. To the student of political economy the true state of the finances of a country, whether it be the country of his adoption or of his birth, cannot fail to be interesting, inasmuch as he must be aware that in proportion to the prosperous condition of its public revenue will be that of its inhabitants, provided always of course, they are fortunate enough to have men at the helm of affairs chosen and supported by their representatives in Parliament, on account of their experience, their abilities, their capacity to govern, and their appreciation of the requirements of the country. Without being so arrogant as to assume for a moment that the present Government possess all these necessary and desirable qualifications, I venture to say that, in the preparation of the Estimates, and those measures which have already been, or will yet be submitted to Parliament, we have been actuated solely by a desire to promote the best interests of the country and the welfare of the community generally; we also feel satisfied that in all we have done our motives will bear the keenest scrutiny by either our opponents or our supporters. Before dealing with the accounts, I desire to say a few words in explanation of what may be considered by some unnecessary delay in submitting the Estimates and in making the Financial Statement. As required by the Electoral Act of 1880, Parliament was summoned to meet within seven days after the date the writs of election were made returnable,

namely, on the 15th December last,—a period of the year inconvenient in many respects, and one moreover which did not admit of much business of importance being either initiated or proceeded with before the Christmas holidays set in. In a financial point of view the time of meeting was still more inconvenient, because being so near the close of the year it was undesirable that either the Estimates should be submitted or the Financial Statement made until the results of the year 1880 had been more fully developed. The adjournment for the Christmas holidays, it will be remembered, extended to the 11th January, and on the 13th of that month the general Conference of the Australasian colonies, of which I was a member, met in Sydney, and continued its sittings until the 27th; but notwithstanding that, I was prepared, and it was my intention, to have made the Financial Statement last Wednesday, but in consequence of the unexpected adjournment of the House to enable honorable Members to be present at the opening of the railway extensions to Dubbo and Albury, I was precluded from doing so. It will thus be seen that it was almost beyond my power to submit the statement at an earlier date. I admit that it is highly desirable that the Estimates of expenditure should be passed before the commencement of the year to which they apply, but honorable Members must acknowledge that under the circumstances stated, this was impossible with regard to those of 1881. In fact I find that on one or two occasions only since the inauguration of responsible government has the Appropriation Act been passed within the proper time. The practice which has so long prevailed in this colony of carrying on the Public Service under the provision made by monthly Supply Bills, is in many respects objectionable. It is a practice besides which is attended with no small amount of inconvenience, inasmuch as none of the public works provided for on the Estimates can be proceeded with until the annual Appropriation Act is passed, which of late years has not been done until more than half the year to which it applied had expired. In order to put an end to this unsatisfactory state of affairs, I trust the House will assist the Government in having the Estimates for this year passed as early as possible, and in forwarding also their other measures with a view to closing the present Session at latest in April next which would thus enable Parliament to meet again in sufficient time to have the Estimates for 1882 passed before the close of the present year. It affords me no small satisfaction to be in a position to congratulate the Committee on a state of financial prosperity at the present time which is perhaps—indeed I am sure is not equalled by any of the other Australian Colonies, —a prosperity, too, which is not confined to the public revenue alone, but one which permeates the whole community, and will, I hope, be of long continuance. I think I can assert without fear of contradiction that at the present time there is remunerative employment for every one who is inclined to work, that trade and commerce are in a flourishing condition, and that the prospects of agriculturists and graziers have been much improved by the fertilizing rains with which the whole Colony has recently been blessed. It will no doubt be in the recollection of many honorable members that during the early part of last year, and after I had submitted the Estimates for 1880, the revenue fell off so unexpectedly and to such an alarming extent that I considered it my duty to take the somewhat unusual step of making a supplementary statement. When I made that statement, which I did on the 16th June last, our prospects were gloomy in the extreme. Instead of a large increase in the revenue over that of 1879, which I had anticipated there would be, there was really an actual falling off during the first five months of over £260,000. Had this rate of decrease continued, as we had reason at the time to fear it would, the deficiency at the end of the year would have been a serious one. It was in view of this possible deficiency that I submitted, for the purpose of equalizing the revenue and expenditure, proposals for imposing a small export tax upon wool and coal, and a tax or assessment on horned cattle and horses. Notwithstanding, however, my proposals were not received with the favor which I think they deserved, I still adhere to the conviction that under the circumstances they were just and reasonable. In proof of

this, I think I am justified in saying that no strenuous opposition to them was manifested by those most interested. The benefits which squatters and conditional purchasers derive from the extension of our railways into the interior, from improved communication by the opening of new roads and the erection of bridges throughout the Colony, and from other public works and local services, are so great that neither of these great and important classes of the community could, I think, reasonably object to contribute to the general expenses of Government in the manner I proposed. Again, with respect to the coal tax: surely the enormous expense the Country has been put to in the construction of wharves, erection of cranes, coal-shoots, and other shipping conveniences, and in improving the ports of the Colony generally, but more particularly the port of Newcastle, was a sufficient justification for its proposal. Fortunately however for both the Country and myself, the revenue began to recover before the prorogation of Parliament, and continued to increase month by month until at the close of the year there was an increase of £430,000 over the revenue of 1879, or an increase during the last six months of the year as compared with the corresponding six months of 1879 of no less than £690,000. This is a result which must be gratifying to the House and the Country, inasmuch as it is a sure evidence of abiding prosperity, and a substantial and convincing proof that all classes are participating in its blessings. Some writers, no doubt, have endeavoured to undervalue our increased revenue, by representing that we have been sacrificing our national estate in order to create an income equal to our expenditure. In doing this they have not only been reckless in their statements, but apparently indifferent to the effect which their insinuations against the Government may have upon the credit of the Colony in that great money market of the world, London, where we and other Colonies have to raise our loans. One would imagine that the mission of writers on our public finances was rather to promote the interests of the Colony, by stating facts as they existed, than to distort those facts. However, notwithstanding such representations our public securities recently stood higher in the estimation of British capitalists than on any former occasion, and higher considerably than those of any of our neighbours. When I come to deal with the accounts of last year I think I shall be able to prove to the satisfaction of the Committee that we have not been pushing our land sales for the purpose of swelling the revenue, and that in proportion to population the amount received for auction sales in 1880 was less than that received twenty-five years ago. In reviewing our financial position, it would be as pleasing to me as I feel sure it would be to the Committee, if I could dispense with details and submit general results only. It is however desirable, I think, that I should follow the usual practice, in order that the Committee may understand the various accounts submitted with the Ways and Means, which will be placed in the hands of hon. Members during the course of the evening. These accounts are four in number, and are all required to elucidate our present financial position and future prospects. No. 1 is the Surplus Revenue Account, and shows the operations upon it from its commencement to the 31st December last. No. 2 shows how far the revenue of the year 1879 fell short of the expenditure of that year. It will be remembered by some honorable Members that when I made the financial statement on the 10th December, 1879, I had to estimate to some extent both the revenue and expenditure. It is therefore only right that I should take this opportunity to show how far my estimates have been realized. No. 3 is an account of revenue and expenditure for 1880, which so far as the expenditure is concerned is still partly an estimate, as the votes of last year live, in accordance with the terms of the Appropriation Act, until the close of the year 1881. No. 4 statement is an account of estimated revenue for the present year in relation to the estimated expenditure. In dealing with these accounts I will take them in the order in which I have referred to them. I desire, however, to remark that so long as we adhere to the system of appropriating funds for the service of each individual year, so long will it be necessary to show whether the revenue of each year is

equal to the authorized expenditure or otherwise. This is no doubt the right principle upon which our public accounts should be kept, and it is the one which up to this time has prevailed in New South Wales. It has, however, its drawbacks as I dare say any system would have. One great inconvenience arising from our present system is the length of time which some votes of Parliament must be retained in the books of the Treasury as liabilities, and the uncertainty which consequently exists with regard to the exact position of each year's account. For example—under the Appropriation Acts of the last four years no vote of Parliament can be written off until the close of the year following that for which it was obtained. This of course gives votes at once a currency of two years; but this is not all, for if a contract is entered into for say the building of a bridge or the erection of a gaol before the close of the second year's life of the vote for the purpose, then the vote must be retained until the completion of the work, even if that did not occur for three, four, or five years. The Committee must therefore see that under this system, which I admit has its advantages notwithstanding, a good deal of uncertainty must necessarily exist for some considerable time after the expiry of the year with regard to its exact position—that is, before it can be definitely ascertained whether the revenue was sufficient or otherwise to meet the actual expenditure; and this cannot be done until either the votes have lapsed legally, or the services authorized and contracted for within the two years allowed for the purpose, have been completed. At the present moment there are several votes for services authorized in the years 1877, 1878, and 1879, which have to be reserved for expenditure during the present year, as it has been reported to the Treasury that the works are being carried out under contracts entered into within the legally specified time. If, on the other hand, votes of Parliament had a currency of only one year, the result would be that probably more than one-half of every year's appropriations for Public Works and special services would lapse and be written off finally—a course which could not fail to be attended with great inconvenience to the public, as the House might not feel disposed to revote the amounts in the year following. The uncertain periods for the meeting of Parliament in this Colony, and the delays that frequently occur in passing the Estimates and obtaining the annual Appropriation Act, entirely preclude the possibility of commencing, or even entering into contracts for carrying out within the year all the public works annually provided for. It was in consequence of this unsatisfactory state of matters that the honorable Member for Illawarra, when Treasurer, inserted in the Appropriation Act of 1877 the clause which gives each year's appropriations a two years' currency. The Auditor General in his last annual report suggested that votes should be taken to meet the probable actual payments within the financial year irrespective of date of service, and in support of his suggestion he refers to the practice with regard to the accounts of the United Kingdom. In England, however, the Imperial Parliament meets almost invariably in the month of February, and provides regularly for carrying on the Public Service by voting *in globo*, as required, large sums on account, so that the services of the year—whether Departmental or Public Works—are not delayed until the final Appropriation Act is passed. But, besides that, there is very little analogy between the services of the United Kingdom and those of this Colony—I mean services other than Departmental. Here the Government have to undertake works which in Great Britain would, in many cases, be carried out by local bodies from funds locally raised. Again, there are large State Departments in England to whom the expenditure of the funds voted by Parliament are at once entrusted, and who retain them until the Services for which they were granted are completed, when they return to the Exchequer such balances only as are no longer required. For these and other reasons which could be given the Government do not feel justified in giving effect to the Auditor General's suggestion at the present time. The matter, however, shall receive careful attention, and if on further inquiry it should be found practicable, without creating inconvenience to the public and those Departments entrusted with the expenditure for public works, we

may endeavour to apply the principle to the Estimates of 1882 during the next session of Parliament. I will now proceed to explain as briefly as I can how the Surplus Revenue Account stands at the present time. For the information of those honorable members who have taken their seats in the House this Session for the first time, I would mention that this account was commenced on the 1st January, 1879. When I made my first Financial Statement in February of that year, I estimated that at the close of the year 1878 the accumulated surplus amounted to close upon two millions and a half. Instead of carrying the surplus forward as an asset in the account of the following year, as had been done by my predecessors, I resolved to make a separate and distinct account of it, and submit to the House an estimate of expenditure for services which we thought were fairly chargeable against that surplus. This proposition was made in the utmost good faith, and with no other object in view than to utilize the surplus in carrying out services of such a character as had previously been provided for by Loan, or which could not, if undertaken at all, have been defrayed from the ordinary current revenue. The surplus which existed at the close of 1878 was only a portion of what had been accruing for years—I think from the year 1872—from the sale by auction of our waste lands, the proceeds of which were very much in excess of what was necessary, in addition to our ordinary revenue, to carry on the Government of the Country. It would serve no useful purpose now to prove that the proceeds of our land sales have neither been wasted nor misapplied. If I mistake not, this has already been done on more occasions than one by some of my immediate predecessors, and probably much more satisfactorily than could be done by me at the present time. I think it is generally conceded that the several Governments who have controlled public affairs during the last nine or ten years acted wisely in expending those funds on public works, and in clearing off our old deficiency debts, and other national liabilities of a similar character. No one who has watched the progress of the Colony during the last decade will hesitate to admit that great progress has been made in everything that tends to promote the welfare of the people and develop the resources of the Country. Immense strides have undoubtedly been made in commerce, in manufactures, and in agricultural, pastoral, and mining pursuits. Although it has often been asserted that we are a slow-going people compared with our neighbours in Victoria, we have done much of late, I think, to wipe out that reproach, if indeed it were ever merited, and it may be confidently asserted that our financial, moral, educational, and social position at the present time will compare favourably with any Colony of the British Empire. When I made the Financial Statement on the 10th December, 1879, I estimated that, after allowing for all the services authorized and proposed to be charged against the surplus Revenue Account, there would still remain an unexpended balance of £618,000, out of which, however, I proposed to make good the deficiency in the revenue of 1879, in consequence of the land sales of that year having failed to realize the oirginal estimate; that deficiency was then shown to be £200,000. Deducting this sum from the surplus balance of £618,000, there still remained a balance of £418,000. Although the deficiency on account of 1879 has, from various causes which will be explained when I come to deal with the account for that year, increased from £200,000 to £382,000, the sum now charged to the surplus Revenue Account, there is a balance on that account still of £320,000 in round numbers, a sum which the Government do not at present intend to suggest should be expended, as they think it is desirable to have a balance in reserve to meet any emergency which may hereafter arise. To detail the various changes which the lapse of time has necessarily produced in this account would I fear only tire the patience of the Committee. I may, however, remark that the various payments made out of the surplus Revenue Account since it was commenced as a separate account on the 1st January, 1879, to the 31st December, 1880, and the payments still to be made therefrom, will be found fully set forth in the explanatory statement of the Public Accounts as embodied in the Ways and Means for

the present year, which I will shortly lay on the table of the House. It will be seen from a statement which I have had prepared and placed with these Ways and Means that appropriations to the amount of £300,993 1s. 3d. lapsed on the 31st December last, and have been finally written off in the books of the Treasury. Amongst these it will be observed is the vote of £210,000 for the erection of new Law Courts, as the site on which such buildings should be erected has not yet been fixed upon. I am glad to inform the Committee that the necessary steps were taken within the prescribed period to secure from lapsing not only the vote for the erection of a new Free Public Library, but of almost the whole of the other votes that were taken in 1879 for services of importance and public utility. I now come to the year 1879, which was one of general depression, not only in New South Wales but in all the colonies, indeed I might say throughout the world,—a depression which seriously affected our public income, and created a deficit for the first time since the year 1871. In making the Financial Statement in February, 1879, I estimated the revenue of that year at £5,096,000, and the expenditure in round numbers at £4,970,000, which gave us an estimated surplus of £126,000. However, as the year advanced the revenue gradually fell off, so that when I made my second statement in December following, with eleven months' actual receipts to guide me, I estimated that the revenue of the whole year would only amount to £4,525,000; but even that was an over-estimate, for when the year closed it was found to have reached only the sum of £4,482,000. This was £614,000 short of my first estimate, and £43,000 of my second. Compared with the revenue of 1878, the reduction was no less than £510,000. In framing both these Estimates, the greatest possible care that had been taken by the heads of the various departments from whom information of this kind is usually obtained, in addition to which, they underwent a keen scrutiny by myself, which resulted in several alterations being made to bring them more into harmony with the revenue of the preceding year. At the commencement of 1879 it was never anticipated that such a falling off would occur, as there was no indication then that such a general depression as that which immediately followed, and which continued up to the month of June, 1880, was about to overtake the Colony. Comparing my first estimate of the revenue of 1879 with the actual outcome of the year, I find that there was a falling off under the head of taxation of £61,000; in land sales there was a falling off of £509,000; and in the annual land revenue of £39,000. In receipts for services rendered the falling off was £110,000. These made together a total falling off of £719,000, which was, however, reduced to £614,000 by an increase on miscellaneous receipts to the extent of £105,000. I would draw the special attention of the Committee to the fact that of this net decrease of £614,000, no less than £509,000 was on account of a falling off in the land sales; so that after all the revenue proper was not in that unsatisfactory state which at first blush it would appear to be for that year. Unfortunately, while the revenue of 1879 was falling off in this unexpected and somewhat alarming manner, there was no corresponding diminution of expenditure—indeed, the reverse was the case, for, as already stated, I estimated in February, 1879, that it would amount to £4,969,000, but, in December of the same year, when re-stating the account, I found that it had been increased, by additional charges, to £5,075,000. Having however, then estimated that there would be savings to the amount of £350,000, this latter charge was reduced to £4,725,000. The charge against the account for 1879, as now ascertained, is £4,857,447 9s. 1d., while the actual revenue and receipts available to meet this amount is only £4,475,059 8s. 11d.,—thus showing a deficit of no less than £382,388 0s. 2d. It is just possible that this deficit may be slightly reduced by the lapsing of some balances which may not be required on those appropriations which are still retained, at the request of my colleague, the Secretary for Public Works, for expenditure during the present year. The deficiency on this account I have charged, as already explained, against the Surplus Revenue Account, which under the circumstance was fairly liable for the amount.

The next account to come under review is that for 1880, which must, for many reasons, be more interesting to the Committee than the one for the year preceding, which I had just shown was an unexceptionally bad year. It was in 1880 that we endeavoured, in view of the falling off in the land sales of 1879, and the requirements of the country, to establish an equilibrium between our annual revenue and annual expenditure by means of fresh taxation. Our propositions to effect this desirable object were of three descriptions, namely, to increase the Customs duties on certain articles, to establish Excise Duties, and to re-impose Stamp Duties. I estimated that we should derive from these, if our proposals were carried in their entirety, an aggregate sum of £358,500. It is, however, well-known that we carried only a portion of our scheme of taxation, and that several important alterations were made in the Stamp Duties Bill, which had the effect of very materially reducing the amount I expected to obtain from this source. The new duties of Customs which the House authorized, namely, increased duties on imported wines and spirits, I estimated would produce £112,000; I also estimated that the Stamp Duties would, if brought into operation on the 1st of April, have realized £150,000, or at the rate of £200,000 per annum. In consequence, however, of the alterations referred to, and the fact that the Bill did not come into operation until the 1st of July, the amount realized in 1880 was only £72,000 or less than one-half of my original estimate. Then again, with reference to spirits, I estimated that, inclusive of the increased duty which was to produce £100,000, we should receive during the year £630,000, but as we only received £600,000 it is evident that the additional 2s. per gallon was not productive of the increase expected. I also estimated that inclusive of the higher duties authorized to be collected on wines they would produce in 1880, £47,000. Inasmuch however, as they produced only £41,000 it proves that we only received one half of the additional £12,000 I anticipated. Some persons have argued from this that the increased duties on wines and spirits have had the effect of diminishing the consumption of these articles, but the mere fact of my estimate not being realized during the first year of their imposition is not conclusive evidence of such a result. It is only natural to expect that merchants, publicans, and private individuals, would exhaust their stocks before laying in fresh supplies at the higher rates. For this reason I think the receipts of last year are not a fair criterion by which a just estimate can be formed of what the increased rates will add to our Customs revenue. The receipts of the present year will however, furnish a more reliable test of this question. I need not again refer to the action which the Government took in June last to increase the public income, with a view to make good the actual falling off in the revenue during the first five months, and the anticipated falling off during the remaining seven of last year, having already alluded to the subject. Nor need I refer to the unexpected and striking change in the revenue that took place about the latter end of June, and continues, I am glad to say, even up to the present time, as I also informed and congratulated the Committee respecting that highly gratifying circumstance. Suffice it to say that the revenue of last year will cover the expenditure, and leave us with an estimated surplus of £49,510. It is, however, only right to state that it is possible, nay probable, that this surplus will be nearly, if not wholly, absorbed by a further Supplementary Estimate. I need hardly say that this is a result which no one could have expected, when it is borne in mind that the revenue up to June last was over £260,000 less, in place of that amount more than the revenue of the corresponding period of 1879. The falling off in the revenue of last year as compared with my original estimate was chiefly in the auction land sales, which according to the estimate of my colleague, the Secretary for Lands, were expected to yield £750,000. But as they only yielded £435,000 the revenue lost under this head alone £315,000, which if obtained would have increased my estimated surplus to over £360,000. I would take this opportunity of showing that the auction sales of land in 1880 were not so large in proportion to population as they were in 1856, the first year of responsible Government in this Colony.

In that year the sales amounted to £245,000, which for a population of 287,000 is equal to 17s. per head. In 1880 the sales by auction realised £435,000, which, estimating the population of that year at 785,000 gives a rate of only 11s. 1d. per head. As a proof also that we are not misapplying the proceeds of our land sales or using them to meet the ordinary expenses of Government, I would mention the fact that our expenditure on public works, including of course roads and bridges, out of the Consolidated Revenue Fund during last year, was close upon £1,250,000, being actually more than the amount realised from land sales of every description. In 1856 the expenditure on Public Works, also including Roads and Bridges, was only £97,000, which is a sum considerably less than the proceeds of the land sales of that year. This comparison shows that we are not now at least living upon our land sales to the extent that was done twenty-five years ago. My only object in referring to these matters is to prove that the statements so frequently and so persistently set forth in some of the public prints of the Colony with respect to the alleged misappropriation of the proceeds of our lands are so biased and exaggerated as to render them of no value to the public for whose instruction or entertainment I presume they are written. Before closing my remarks on the account for last year, I think it is my duty to show to the Committee that, notwithstanding I did not receive all the revenue I anticipated from the old and the proposed new sources combined, there were some of the former which yielded considerably more revenue than my estimate, and that these are the very sources which more conclusively prove the general prosperity of the people. We received for interest on land conditionally purchased £14,600 more than I had estimated; pastoral occupation yielded £12,600 more; and mining occupation £6,000. I would remark here that the pastoral tenants of the Crown, whose runs were re-appraised last year, have not yet been called upon to pay the additional amounts due because the new appraisements have not all been finally approved. Had these increased rents, which I estimate at £60,000, and which properly belong to the year 1880, been received on or before the 31st December last, the surplus would have been over £100,000. Our railways yielded £1,189,000, as against my estimate of £1,100,000, which is an increase of £89,000. The post office gave an increase of £11,200 over my estimate, but this I have no doubt is attributable to the fact that postage stamps were largely used during the latter part of the year in lieu of duty stamps. The exact amount so used cannot be estimated with certainty, as there are no ready means of arriving at it. To the extent however that postage stamps are used in this way to a like extent will be the loss to the Stamp Department. Mint receipts gave an increase of £1,500, which is I think an indication of increased activity on our gold-fields. Taking the revenue of last year as a whole, we have reason to feel thankful that it has turned out so well. Before proceeding to state to the Committee what our financial prospects are for the present year I will pause for a little for the purpose of summarizing the results of the three accounts which I have been reviewing, all of which refer to the past, in order that honorable Members may judge for themselves whether these results can bear the test of an analysis of a different description. The test which I propose to apply will take the form of a statement of assets and liabilities, with which I think most persons are familiar, as it is universally adopted by banks, public companies, mercantile firms, and indeed trading institutions generally. On the 31st December last the following were the assets of the Consolidated Revenue Fund: Cash balance—under advance in part to the General Loan Account, in the form of an overdraft, £1,440,227 10s. 6d.; amount due by, and to be recovered from the General Loan Account, for advances made thereto, prior to 1879, pending the sale of Debentures, £465,437 18s. 7d.; amount of the Treasurer's Advance Votes for the years 1879 and 1880, to be repaid during the present year, £200,000; which make together an aggregate sum of £2,105,665 9s. 1d. The liabilities were:—Amount of appropriations retained for services which were either in course of execution or contracted for at the close of the year, chargeable against the Surplus Revenue Account, £960,181 1s. 9d.; amount of appropriations for services

provided for in 1879 reserved for expenditure during the present year, £124,774 14s. 6d.; amount of appropriations for services provided for in 1880 remaining unexpended on 31st December last retained for future expenditure, less appropriations to the amount of £350,000 estimated as not likely to be required, £490,474 6s. 1d.; amount payable for compensation for land resumed under the "Rushcutters' Bay Resumption Act of 1878," £16,811; amount of Supplementary Estimates now before the House, £143,932 14s. 9d.; making a total of £1,736,173 17s. 1d. Deducting the liabilities from the assets there is left a credit balance of £369,491 12s., which in mercantile transactions would represent the balance at the credit of profit and loss account, but which in Government accounts simply represents the amount still at the disposal of Parliament. This credit balance of £369,491 12s. consists of the balance of £319,981 11s. 4d. at the credit of the surplus revenue account, and £49,510 0s. 8d. at the credit of the account for 1880. I think this method of stating the accounts proves conclusively the correctness of those separate accounts which I have been explaining to the Committee. Having thus disposed of the transactions of past years as far as that can now be done, the way is cleared for submitting and discussing our propositions for the future, at all events so far as they affect and relate to the year upon which we have just entered. In doing this it will not be necessary for me to detain the Committee at any great length, as the Estimates, which were laid on the table of the House last night, have no doubt afforded honorable Members an opportunity for ascertaining pretty accurately the nature and extent of the services for which we intend to ask them to grant us the necessary supplies. A perusal of these Estimates must have convinced honorable Members that in their preparation the Government have exercised the strictest economy consistent with a due regard to the public interests, and that, where the proposed expenditure is increased it is justified in every instance, either on the ground of some peculiar circumstance of the case, or from the fact of the service being of such a character as to render an increase absolutely inevitable, as for example in the case of our railways, which every year are penetrating further and further into the interior. But as the alterations in the Estimates are really few and unimportant, I consider it would only be wasting the time of the Committee were I to point them out in detail. Of course there are some items of an exceptional character which render it necessary perhaps that I should make special allusion to them. I would however preface my remarks on these by stating that during the recess, and in consequence of the formation of a new Ministerial Department—that of Public Instruction—which was required to carry out the provisions of the "Public Instruction Act of 1880," a re-arrangement of the public business was affected which has varied somewhat the arrangements that previously existed. The alterations are not, however, so numerous as to disturb to any great extent the order of last year's Estimates. The principal changes have necessarily occurred in what was formerly the Department of Justice and Public Instruction, by transferring to the estimates of the new Department all those services which naturally come under the control of the Minister of Public Instruction, who is responsible to Parliament, in common with other Ministers, for a proper administration of the Departments with which he is now entrusted. I think it will be freely admitted by honorable Members generally that the manner in which my esteemed friend and colleague, Sir John Robertson, has grappled with and successfully overcome the many difficulties of his new position does him infinite credit. His administration of the Public Instruction Act up to the present time has not only won him the approbation of the Press and the public, but secured him the gratitude of that large and respectable body, the Public School Teachers, whose interests were to a certain extent in his hands. The only other change of importance that I can recollect at present is the transfer of the Prisons from the control of the Colonial Secretary to that of the Minister for Justice,—a change which I think all must admit to be a judicious one, inasmuch as the management of Prisons as naturally belongs to

the Department of Justice as the imprisonment for crime follows the trial and conviction of the criminal. I have no doubt the change will be found to work well,—at all events it will relieve my colleague, the Colonial Secretary, of a great deal of work, for which his position in the Government leaves him very little time. The first increase I would draw attention to is a sum of £6,000 for completing Torpedo Defences. It has been represented to the Colonial Secretary, by Lieut.-Colonel Scratchley and Major Cracknell, that this amount is absolutely necessary if the services of the Torpedo Corps are to be rendered available in the event of an invasion, of which I trust the chances are still remote. There is, as might naturally be expected, an increase in the Police Estimate, which I must confess is now assuming large proportions. £219,000 seems a large sum for police protection to a population of about 800,000 souls; but owing to the ever increasing demands from outlying stations, and from the inhabitants of districts which are daily growing in importance, I presume there is no help for it. The increase is about £6,000, which I see is chiefly for additional constables. There is no other increase of any importance on the Colonial Secretary's Estimate till we come to Miscellaneous Services where I find a service that makes its appearance on the Estimates only once in ten years, which some may think is often enough, as no less than £20,000 is required for it. I allude to the sum necessary to defray the expense of taking the Census in April next, and for tabulating the information contained in the returns. This is a necessary and unquestionably an important service, and it is to be hoped that the gentleman entrusted with the general supervision of it will do his utmost to ascertain at the earliest possible moment, for the information of the public, the population of the Colony on the 3rd of April next. We will all be anxious for this information because it will to a large extent illustrate the progress of the Country during the last decade. Of course the tabulation of the returns for statistical purposes will be a labour requiring no small amount of skill, and involving much time and patience. As the frequent and correct ascertaining of the population of a new country like this would, in my opinion, be attended with immense advantage to the public, but more particularly to the Government, whose system of Immigration it would enable them to regulate, I am inclined to think that, in addition to the elaborate Census taken decennially, we should have a more simple and intermediate quinquennial one taken of the population only. However I merely give this opinion for what it is worth. Honorable Members have no doubt observed that a sum of only £50,000 is inserted on this year's Estimate for Immigration, as against £75,000 in previous years. This has been done because to a certain extent immigration is in abeyance at present, and also because a considerable portion of the year must elapse before the new regulations will be submitted for the approval of Parliament. For Public Instruction there is an increase of £157,000 which requires explanation. No doubt most honorable Members are aware that the Public School fees were greatly reduced under the Public Instruction Act of 1880, and that provision was made therein for their payment into the Treasury. Prior to that Act coming into operation the teachers were allowed to retain the fees for their own use. These fees were of course over and above the fixed salaries allowed by the Council of Education. Since the new Act came into force the teachers have had to pay the fees collected (which were reduced to 3d. per scholar per week) into the Treasury. It consequently became necessary to re-arrange the teachers' scale of remuneration; and in doing this allowance had to be made not only for the fees paid into the Treasury, but for the loss teachers had sustained by a reduction of more than one-half in the scale of fees. The amount of fees estimated as likely to be received from the pupils attending the Public Schools this year is £45,000; but had the rates remained as formerly, the amount would in all probability have been £100,000, a sum which really represents the loss sustained by the teachers, and which the Government have to make up to them in fixed salaries. This then accounts, satisfactorily I hope, for £100,000 of the £157,000 increase on the Estimates for

this year, £45,000 of which comes back to the Treasury, as already stated, in the form of fees. Of the remaining £57,000 to be accounted for, £9,000 is for High Schools for boys and girls for six months, and £2,850 for Evening Schools. Then there is a sum of £20,000 for school sites, and £15,000 for rent of premises for schools and teachers' residences, besides several minor amounts sufficient to make up the difference. There is an increase on the Railway Estimate of £45,076 and in the Estimate of the Postmaster General of £21,797; but these are what I term inevitable increases, because the very nature of the services leads to an increased expenditure every year. When the proper time arrives, my colleagues charged with the administration of these branches of the Public Service will no doubt be quite prepared to fully explain and justify the proposed increased expenditure on their respective Estimates. After the long and somewhat irregular discussion that took place a few nights ago with reference to the amount awarded to the Milburn Creek Copper-mining Company, which is now inserted in Estimate of the Secretary for Mines, it is unnecessary for me to attempt an explanation. In fact the papers which have been laid on the Table of the House give such a clear and full account of the whole affair that anything I could say would be simply superfluous. When the item is submitted in the usual way for the sanction of the Committee, I presume any additional information (if there be such) will be forthcoming. Although I have as rapidly and briefly as it was possible for me to do, explained to the best of my ability the larger increases shown in the Estimates for 1881, there are of course other variations of a minor kind which I have not alluded to, because, as I said before, it would only be wasting the time of the Committee to do so. The Committee will perhaps bear with me a little longer while I refer to one other matter—rather an important one—in connection with the Estimates. As usual, we have had recommendations from the heads of almost all the Public Departments for increases to the salaries of different officers. To have complied with such wholesale recommendations would have been next to impossible, but we have taken upon ourselves the responsibility of inserting a few increases to officers whose labours and responsibilities have been largely increased of late years, feeling assured that when they are submitted for consideration the Committee will endorse, by their votes, the small selection we have made. The time, however, has arrived when a measure must be introduced by the Government for regulating the Civil Service and for fixing in some equitable manner the salary attaching to each particular office. The latter can, I imagine, only be done by a proper classification of officers, and probably by having a minimum and maximum salary for each class. I cannot however at present describe the exact nature of the Bill which the Colonial Secretary intends introducing during the present Parliament, but I have no doubt it will be one which is likely to give satisfaction not only to the Civil Servants but to the general public, who are as anxious to see this important matter properly settled as they are themselves. The expenditure proposed for 1881 may be summarized thus:—Under the schedules to the Constitution Act, £45,311 7s.; departmental expenditure requiring Parliamentary sanction, £4,235,455; interest on the public debt and other special appropriations, £952,200, making a total proposed expenditure of £5,232,966 7s. It now becomes my duty to show, and I would ask the attention of honorable Members while I do so, how this large expenditure can be provided for—that is, whether our existing sources of revenue and the increasing annual produce thereof will be sufficient or otherwise for the purpose. It affords me no small satisfaction to be able to inform the Committee that our ordinary income, as estimated for the present year, will provide the necessary Ways and Means and in addition leave a handsome surplus. This is a financial position which cannot fail to give unbounded satisfaction to the House and the Country, as it is one which seven or eight months ago, no one, I am sure, could have anticipated. While the expenditure is estimated at £5,232,966 7s., our income is expected to amount to the sum of £5,440,670, which, with the exception of the year 1877, when the revenue reached the enormous sum of £5,748,000, will be the largest annual income we have

ever had. Indeed, if we exclude the proceeds of land auction sales in each of these years, the revenue of 1881, if my estimate is realized, will be considerably in excess of that of 1877. If from the revenue of the latter year, which was, as already stated, £5,748,000, be deducted £1,967,000 for auction sales, there is left an income from other sources of only £3,781,000. Applying a similar test to the estimated revenue of this year, it would stand thus: —Revenue as estimated, £5,440,000. Deducting therefrom the amount of proceeds of land sales by auction, estimated at £450,000, there is left an income from other sources of £4,990,000, a sum £1,209,000 larger than the ordinary revenue of 1877, and about £80,000 in excess of the whole revenue of last year inclusive of land sales. The estimate of revenue for this year having been prepared with more than ordinary care, and having been carefully revised by myself, I feel confident it will be realized, unless some unforeseen calamity should befall the Colony, in which case any calculation of income would be sure to be upset. I may, however, say that so far as the year has gone, my estimate bids fair to be realized, as the revenue from 1st January to the 8th February is £154,000 in excess of the corresponding period of last year. From taxation of every description, including Stamp Duties classed under this head, I expect to receive the sum of £1,594,900, which will be as near as possible about £2 per head of the population. The Land revenue, it is estimated, will reach the sum of £1,811,800, of which only £450,000 is from auction sales, and £230,000 for interest on land conditionally purchased, an item which I trust the House will never consent to give up, because by doing so a grievous wrong would be done to the community at large. For services rendered the receipts are expected to aggregate £1,811,000, and miscellaneous receipts are estimated to amount to £222,000, making together as already stated, a grand total of no less than £5,440,000. Deducting from this the estimated expenditure for 1881, namely, £5,232,966 7s., there is left an estimated surplus of £207,703 13s. The committee will, I feel sure, agree with me in thinking that with such a large annual income as that which I have just explained is likely to be derived from our existing sources of revenue during the present year, there is no immediate necessity for additional taxation, as it should be amply sufficient to carry on the general Government of the country, and admit also of a large amount being expended on public works. I freely admit that I held a different view in the earlier part of last year, but circumstances have materially changed for the better since then. During the time that our land sales were producing such enormous sums of money the Government was in a position to meet almost every demand, no matter how extravagant, upon them. The result of this was an abnormal expenditure for public works, which it is now absolutely necessary, in the absence of such large sums from the sale of our national estate, to bring within reasonable bounds and within the limit of our income as it now exists. It was while endeavouring to provide for public works largely in excess of what our ordinary income could bear that proposals were made for increasing the taxation of the country; but as our present sources of income are proving more productive than could have been anticipated, I see no reason why we should not endeavour to keep our expenditure within our means. It is, however, desirable that so soon as other urgent questions are disposed of a complete revision of our system of taxation should be effected, in order to bring it more into harmony with economic principles. In any such fiscal changes new ground must be occupied to replace the taxes now diminishing in their productiveness, in consequence of new industrial developments as well as to more equitably distribute the public burdens. The importations of beer, tobacco, and sugar are falling off every year, while it is well known the consumption is daily increasing. If these articles, which have always been considered luxuries, are rightly liable to custom duties when imported, they are equally liable to duty if manufactured and consumed in the Colony. In connection therefore with a well devised system of taxation there should also exist excise duties, otherwise our Customs duties become to the manufacturers of the articles named nothing more nor less than protection. Taking our present

population at an estimate of 800,000, the revenue of this year, if it come up to my expectations, would be equal to £6 16s. per head. In Great Britain, with a population of say 40,000,000, the revenue for the year 1880–1 was estimated to yield about £85,000,000, which would be only equal to £2 2s. 6d. per head, which is £4 13s. 6d. less than our rate. Of course our income includes revenue derived from sources which do not exist in England, to the extent at all events that they do here, as for example railways and land. While therefore perfectly sensible that the conditions of the two countries are so different as not to admit of a fair comparison, I nevertheless think the difference in conditions is not so great as to justify the much higher rate of expenditure which exists in this Colony. It is no doubt true we have a sparsely populated territory to govern, nearly three times the area of Great Britain and Ireland, but on the other hand we have no large standing army and navy to maintain such as that which costs the Imperial Exchequer over £26,000,000 annually. Then again, the interest on the public debt of Great Britain is £30,000,000, or rather more than one-third of its whole expenditure, while here the interest at the present time is only £686,000, or something under one-eighth of our entire income. As far as public debt is concerned I think we have the decided advantage over the parent State, for the simple reason that we have valuable and reproductive works to show for it, while England has little more to represent its debt of eight hundred millions than the glory she achieved in many a hard won battle, and the high and proud position she now occupies amongst the nations of the earth. I refer to these matters merely for the purpose of showing the necessity for keeping our expenditure, if possible, within our income, as it is not desirable to increase the burdens of the people unnecessarily. It has been too long the habit of all classes of the community to come to the Government for the purpose of having their local wants supplied, and even municipalities, which were thought to be liberally endowed when first established, are not satisfied now unless they obtain, in addition to that endowment, an annual grant equal to the amount of their annual rates. This system is not only demoralizing, but destroying entirely that self-reliance and manliness of spirit which should characterise every free community. The measure which the Colonial Secretary has obtained permission to introduce for the extension of the principle of local government in thinly inhabited districts will be a step in the right direction, and tend to check these frequent and unreasonable demands for local works which are of no benefit to the public generally. I am glad to be able to inform the Committee that the working of our railways last year will yield an interest on the capital invested of 4¼ per cent. This is a highly satisfactory result, and justifies the hope that the day is not far distant when this great national undertaking will not only pay the interest on the money borrowed for the construction of railways, but become a source of considerable profit to the Colony. By the timely and judicious reduction of rates which we have made we hope to secure the greater part of the trade and traffic of Riverina. After having gone to such immense expense in extending the Great Southern line to Albury and Narrandera it becomes the bounden duty of the Government to do all in their power to secure the benefits which such extensions, if properly managed, are calculated to bestow upon the metropolis. In proportion to the benefits derived by the metropolis will be the advantages accruing to the inhabitants of those distant parts of the Colony. The connection of Melbourne with Sydney by railway will enable us to ascertain shortly whether the grand results which have been predicted from such a union will be realized. A reasonable time must, however, be allowed before a just opinion can be formed, for like many new things its value may neither at once be appreciated nor willingly acknowledged. Although the steamers will continue to compete with the railway, and probably with success for a time, the latter must ultimately triumph, as the journey between the two cities can be effected in less than half the time, and with more comfort and considerably less risk to both passengers and goods. Before closing I desire to say a few words with respect to the loan account. It was the intention of the Government last year to have launched

a loan in the London market during the present year, and debentures were accordingly prepared for that purpose, but since then money has become so plentiful in Sydney that the proceeds of such a loan if brought out to the Colony could not be invested with the banks (if indeed any of it would be taken by them) at rates other than what would create a serious loss to the country; and if left in London, the probabilities are that even still lower rates of interest would be obtained there. Under these circumstances we felt that we would not be justified in raising a loan in London at the present time, notwithstanding the market is highly favourable for the purpose, as the securities of this Colony were never in greater demand or stood higher in the estimation of the public. Besides the reason just given for delaying the launching of a loan in England, I am glad to say that there is no immediate urgency now, as we have a balance in the bank at the present time sufficient to enable us to meet not only all the requirements of the Consolidated Revenue Fund, but to make such further advances to the general loan fund as may be found necessary to carry on our railway extensions, our water supply works, and such other services as have been authorized to be provided for by loans, for several months to come. Should the necessity however arise, it may be found expedient to negotiate a loan in the Colony for five or six hundred thousand pounds, which I feel confident will readily be taken up at prices equal to, if not higher, than those which could even now be obtained for our bonds in England, as I am told that there are many persons seeking investments for trust and other funds who would gladly accept our 4 per cent. debentures for the purpose. If we get a price here only equal to what we could get in London it would still be a preferable sale, because we would have neither stamp duty brokerage nor commission to pay. The negotiation of a loan in the London market cannot however be delayed for any great length of time, as the General Loan Account is at the present time indebted to the Consolidated Revenue and other funds for advances pending the sale of debentures to the extent of £1,800,000, a large portion of which will be required this year to carry out the various works authorized out of the surplus Revenue Account. Of course so long as we can abstain from borrowing, so long will we save the country a considerable sum for interest. The loans authorized but not yet negotiated amount to £9,891,122 18s. 7d. In the Explanatory Statement to which I have already referred, the exact state of the Loan Accounts will be found fully set forth, and with the Ways and Means will be found several state ments showing the Services provided for by Loans, the amounts expended thereon to the 31st December last, and the balance remaining unexpended on that date. A Loans Estimate is now in course of preparation, and will be submitted shortly for the consideration of the House. I am not in a position therefore to state definitely at present what further railway extensions are intended, as the question has not yet been finally settled. I may, however, mention that the extensions authorized amount to 679 miles, the greater portion of which is now under construction, and for the remainder the plans are being completed, in order that tenders may at once be invited. Surveys for fresh extensions have been made in various parts of the Colony: amongst these may be enumerated the extension to connect the Great Northern Railway with the Southern and Western Railways, the extension of the railway to Illawarra, a railway from the sea-board at Grafton to the tablelands of New England, and the two branches from the Southern line to Monaro and Gundagai. When the Northern line is completed to Tenterfield we shall be able to form a junction with the Queensland Railways, and upon the completion of the line connecting the Northern with the Southern system, there will be uninterrupted railway communication between the capitals of Queensland and New South Wales, a distance of 743 miles. To connect the capital of South Australia with Sydney, 244 miles of line must be constructed in this Colony and about 60 in South Australia. The whole distance between Sydney and Adelaide is 863 miles, 559 of which have either been constructed or are under construction. It may be said that we have already formed a junction with the railways of Victoria, for there are now

only two miles of common road to intercept through railway communication between Sydney and Melbourne, a distance of 575 miles. The Public Debt has been reduced during the past year to the extent of £33,500. This reduction is due principally to the extinction of a portion of the railway million loan of 1867, for which there is an annual appropriation of £70,000 for the payment of principal and interest until the whole loan is redeemed, which will not however occur until the year 1902. In 1882 the Government have the option of paying off or allowing to remain outstanding certain interminable debentures to the amount of £232,130. As these debentures, however, bear interest at the rate of 5 per cent. it will be more advantageous to pay them off, even if that has to be done by renewal, as the money for the purpose can now be readily obtained at 4 per cent. or under, than to continue the loan in its present form. I think that I have now referred to all those topics connected with the finances of the Colony which it is usual to refer to in a statement of this kind, but if there are others on which the Committee desire information, it will afford me much pleasure to supply it when required. The prosperous condition of the Colony at the present time, and the highly favourable state of our public income, have enabled me to place accounts before the House and the country showing results far more satisfactory than I anticipated a short time back, for I was then under the impression that, in order to meet our ordinary expenditure, it would again become my duty to make fresh proposals for increasing the public revenue. Our present sources of income have proved equal to the largely increased expenditure of 1881, and for the time being at least have spared me an unpleasant duty. Although we can no longer boast of large annual surpluses, I am not inclined to think that this is a matter for regret, inasmuch as it is well known that they often led to expectations of Government aid which it was frequently found neither convenient nor judicious to grant. As the surpluses of past years were simply the result of a wholesale alienation of our public lands, the limitation now of land sales to a reasonable annual amount will rather prove beneficial than detrimental to the public interest, for it is a well-known fact that, without a corresponding increase of population, land alienated in large quantities cannot be utilized to the advantage of the purchaser, much less to that of the general public. I trust, however, the time is not far distant when both will be so combined as to result in a more rapid settlement of the country than hitherto, and when its great agricultural and mineral resources will be developed in such a manner as to promote the prosperity and well-being of all classes. In conclusion I have to thank honorable Members for the patient hearing they have accorded to what is generally considered a dry subject, but one notwithstanding which, when rightly understood, is full of interest to every one who has the progress and welfare of the Colony at heart.

APPENDIX.

MEMORANDUM explanatory of the Financial System of the Colony of New South Wales, &c.

[*Written in May, 1879, for the information of the Imperial Government.*]

THE Financial System of the Colony of New South Wales is regulated chiefly by the Constitution Act of 1855 and the Audit Act of 1870, and in matters relating to Trust Funds and Loans by special Appropriation Acts of the Local Legislature.

THE CONSTITUTION ACT.

The Imperial Act conferring a Constitution on New South Wales and granting a Civil List to Her Majesty was assented to on the 16th July, 1855, and came into operation in the Colony on the 24th November of that year. This Act provides for a Legislative Council and Legislative Assembly. The Members of the former are nominated by the Governor with the advice of the Executive Council, and the Members of the latter are elected by the inhabitants of the Colony, All taxation and Appropriation Bills must be originated in the Legislative Assembly, and these are generally introduced by the Treasurer and Secretary for Finance and Trade, who must be not only a Minister of the Crown but a Member of the Assembly. The Ministry consists at the present time of the following Officers of State :—

The Colonial Secretary. (At present the Premier.)
The Treasurer and Secretary for Finance and Trade.
The Minister of Justice and Public Instruction. (*See* foot-note.)
The Attorney General.
The Secretary for Lands.
The Secretary for Public Works.
The Postmaster General.
The Secretary for Mines.
The Vice-President of the Executive Council (without Portfolio.)

These Officers form, with the Governor as President, the Executive Council. All appointments, whether salaried or not, are vested in the Governor with the advice of the Executive Council.

Prior to the passing of the Constitution Act the Territorial Revenues of the Colony belonged to the Crown, but on that Act coming into operation in 1855, they were placed at the disposal of the local Parliament, and, together with the taxes, imposts, rates, and duties, were formed into one fund, under the title of the Consolidated Revenue Fund. In lieu of the Crown Revenues thus given up to the Colony, an annual Civil List of £64,300 was made payable to Her Majesty out of the Consolidated Revenues of the Colony. This sum was to provide for,—

1st.—The salaries of the Governor, the Judges, and certain high Officers of State.
2nd.—Pensions to Judges and to certain officials who were allowed to retire on political grounds, when the new Constitution came into operation, as well as pensions to other Government officials who could retire from office in accordance with certain regulations and rates fixed by the Superannuation Act of the Imperial Parliament, 4th and 5th Wm. IV, c. 24.
3rd.—For the maintenance of Public Worship.

The Constitution Act also provides that the Legislature of the Colony shall have power to make laws for regulating the sale, letting, disposal, and occupation of the waste lands of the Crown within the Colony ; and also for imposing taxes and levying Customs duties.

The expense of collecting the Revenue, the Interest on Loans negotiated prior to the Constitution Act coming into operation, and the Loans themselves as they mature, form, under the provisions of that Act, primary charges on the Consolidated Revenue Fund. All loans negotiated since then, together with the interest annually payable thereon, are also, under the Acts authorizing such Loans, made primary charges on that Fund.

NOTE.—Since this memorandum was written the Department of Justice and Public Instruction has been divided and a Minister of Public Instruction appointed to carry out the provisions of the Act 43 Vic. No. 23.

All Money Votes or Bills must in the first place be recommended to the Legislative Assembly by Message from the Governor, and no part of the Public Revenue can be issued except on Warrants bearing the Governor's signature, and directed to the Treasurer of the Colony.

THE AUDIT ACT OF 1870.

This Act was passed to regulate the receipt, custody, and issue of public moneys, and to provide for the audit of the Public Accounts. Its main provisions are the following :—

1. That all Collectors, Receivers, and Disbursers of public moneys are to be public Accountants, and as such are required to provide security for the due performance of their duties, and for the due accounting for moneys coming into their hands by virtue of their respective offices.

2. Collectors of public moneys in Sydney are required to pay their collections into the Treasury or Government Bank weekly, or daily if considered desirable ; Collectors in the interior monthly, or at such other times as may specially be appointed.

3. The Treasurer or his deputy the Receiver is also required to pay his collections daily into the Bank keeping the Public Account.

4. Moneys can only be drawn from the Public Account in the Bank under the authority of the Governor's Warrant. Before the Governor signs a Warrant he must have the certificate of the Auditor General that the various sums therein asked for by the Treasurer are legally available for issue. On receipt of the Governor's Warrant the Paymaster, under the authority of the Treasurer, issues cheques upon the Public Account in the Bank, for the payment of all duly authorized claims against the Government.

5. Appropriations of Parliament are available for issue during the year for which obtained and, if required, for three months thereafter. If not then expended they lapse, unless contracts or engagement to carry out the Services have been made and entered into before the expiration of the year for which such Services were provided for, in which case they are kept alive as long as necessary. (This provision has since been modified by the insertion of a clause in the annual Appropriation Acts giving the votes of Parliament a currency of two years, as the limit given in the Audit Act was found very inconvenient in practice.)

6. The Manager of the Bank, keeping the Government Account, has to forward daily to the Treasurer and Auditor General respectively, a statement of each day's transactions. The Treasurer has likewise to furnish the Auditor General daily with a copy of his Cash Book, together with vouchers and authorities in support of the entries therein shown.

7. The Treasurer, or any Public Accountant, paying, inadvertently or otherwise, a sum of money in excess of Parliamentary authority, or making a double payment, is liable to be surcharged by the Auditor General for the amount so overpaid.

8. The Treasurer is required to publish in the Government Gazette a Quarterly Statement of his receipts and expenditure, and to prepare also an Annual Statement of the same, within three months of the close of the financial year, for the use of the Auditor General, who must audit and thereafter submit such Annual Statement, with his report thereon, to Parliament.

9. The Auditor General, being an officer of Parliament, can only be removed from office by the Governor with the advice of the Executive Council, upon the address of both Houses of the Legislature.

THE TREASURY.

The Treasury is the Department entrusted with the collection and disbursement of the Revenues and other public moneys of the Colony. It is under the control and general management of the Treasurer and Secretary for Finance and Trade, who, being a responsible Minister, ceases to act when the Government of which he is a Member retires from office. The permanent head of the Department is the Under Secretary for Finance and Trade, who is responsible to the Minister for the efficient conduct of its business. The following are the principal officers in the Treasury—that is, those having charge of branches, viz. :—

The Chief Inspector of Public Revenue Collectors' Accounts, and Consulting Accountant.
The Accountant.
The Receiver.
The Paymaster.
The Examiner of Expenditure Accounts.
The Clerk of Correspondence.
The Registrar of Records.

The Under Secretary, the Receiver, and the Paymaster are under heavy security for the faithful discharge of their respective duties. The subordinate officers of the Pay and Receiving Branches also give security, proportioned to the responsibilities of the positions they occupy. The office hours are from 9 to 4, daily, excepting on Saturdays, when they are from 9 to 1.

REVENUE.

The Revenue of the Colony is now classed under the following general heads, viz. :—

1. Taxation.
2. Land Revenue.
3. Receipts for services rendered.
4. Miscellaneous Receipts.

The first of these, Taxation, consists of Customs Duties—that is, duties levied on certain goods imported into the colony ; and Excise duties on refined Sugar and Molasses, and on Spirits distilled in the Colony. Duty on Gold exported or sent to the Mint for coinage, and certain Trade Licenses.

The Land Revenue, which is collected under the Land Acts of 1861 and 1875, and the Mining Act of 1874, embrace all receipts under the following sub-heads, viz. :—

Proceeds of Land sold by Auction.
Proceeds of Sale of Improved Lands.
Proceeds of Sales of Land by Selection after Auction. (Now in abeyance.)
Sales of Provisional Pre-emptive Rights.
Deposits on Lands Conditionally Purchased.
Instalments of Lands Conditionally Purchased.
Balances of such Purchases paid up.
Interest on the Balances of Conditional Purchases unpaid.
Rent and Assessment on Pastoral Runs.
Quit Rents.
Mineral Leases and Mineral Licenses.
Leases of Auriferous Lands.
Miners' Rights and Business Licenses.
Fees on the Preparation and Enrolment of Title-deeds.
Miscellaneous Land Receipts.

Receipts for services rendered (collected under various Acts of Parliament) include Railway and Telegraph Receipts, Postage, Commission on Money Orders, Mint charges, Fees for escort and conveyance of Gold, Pilotage and Harbour and Light Rates, Fees for the Registration of Cattle Brands, Contributions towards the prevention of Diseases in Sheep, and Fees of Office generally.

The Miscellaneous Receipts are composed of Rents, other than rents of Land, Fines, and Forfeitures, Proceeds of Sale of Government Property, Interest on Bank Deposits, and various minor items which cannot properly be embraced in any of the three classes above referred to.

COLLECTORS OF PUBLIC REVENUE.

Although the Treasury is the Department into which all Revenue and Public Moneys have ultimately to be paid, there are numerous duly appointed officers, both in Sydney and throughout the Colony, authorized to collect Revenue on behalf of the Treasurer. The principal Collectors in Sydney, such as the Collector of Customs, the Commissioner for Railways, the Postmaster General, and the Superintendent of Electric Telegraphs, pay their collections into the Bank keeping the Public Account daily ; and forward daily vouchers to the Treasury containing full particulars of all such deposits. Other Collectors in Sydney pay their collections into the Treasury weekly. Collectors in the interior remit their collections once a month, except in the case of Land Agents, who are required to make weekly remittances, in order that the necessary steps may be taken as early as possible for completing the sales and leases of land effected by them. All Collectors of Revenue have to give security for the faithful discharge of their duties. These securities are proportioned to the probable amount of collections within a given period.

INSPECTION OF PUBLIC REVENUE COLLECTORS' ACCOUNTS.

The Accounts of Collectors of Public Revenue, both in Sydney and the interior, are from time to time, but at irregular intervals, carefully examined by Inspectors attached to the Treasury. These officers' inspections have been found more effective, because local and minute, than the audit of the attested accounts furnished by Collectors periodically to the Auditor General.

EXPENDITURE.

With the exception of the amount reserved under the Constitution Act as a Civil List to Her Majesty, the amount required for the payment of interest on the Public Debt, and a few sums appropriated permanently under special Acts for various Services, the Revenue of the Colony is left entirely to the control of the local Legislature. Any expenditure therefore out of the Consolidated Revenue Fund without the express sanction of Parliament is illegal ; and should the Auditor General, in the course of his audit of the Treasurer's accounts, discover a payment for which provision had not been legally made, it would become his duty to report the circumstance to Parliament.

In order to obtain the necessary sanction of Parliament, the Treasurer submits to the Legislative Assembly, annually, an estimate of the several sums the Government will require to meet the expenses of the various public Departments, and for such public works and special services as may be considered absolutely requisite during the year then ensuing.

Although the Estimates are prepared by the Treasurer, they can only be brought before the Assembly by Message from the Governor, because, as already stated, the Constitution Act provides that no money vote or Bill can be entertained by that branch of the Legislature unless so recommended.

When the Governor's Message is read by the Speaker to the House, it is usually ordered, on the motion of the Treasurer, that it be printed, together with the accompanying Estimates, and referred to the Committee of Supply.

The Treasurer having obtained the sanction of the House for going into Committee of Ways and Means on a certain day, to cover a formal vote previously taken in Committee of Supply, takes that opportunity for making his Financial Statement, or as it is popularly called the "Budget Speech." In this speech it is usual to review the finances of the Colony for the past two or three years, but more especially those of the then current year.

Having done that, he next proceeds to show what is likely to be the financial position of the Country in the following year. In doing this he submits his Ways and Means, which include a carefully prepared Estimate of the probable revenue for that year, and shows that it will be sufficient or otherwise to meet all the sums embodied in his Estimates of Expenditure. If the revenue is not considered sufficient for that purpose, it then becomes his duty to inform the Committee in what manner he proposes to make good the deficiency. Should the Committee agree to his propositions, the Expenditure Estimates are then proceeded with, and the various amounts when voted are included in the annual Appropriation Bill, which has to pass through the same stages as other Bills before it becomes law.

The Appropriation Act therefore becomes the Treasurer's guide in disbursing the revenue of the Colony. No money can however be legally issued by him without the Warrant of the Governor, and that can only be obtained in the manner prescribed by the Audit Act of 1870, already alluded to.

As soon as the Appropriation Act is passed the various sums therein stated are entered in the Treasury ledgers, and against these appropriations the payments made from time to time by the Treasurer are duly charged.

PAYMENT OF CLAIMS.

Claims for salaries and other departmental expenses are, after examination and certification by Heads of Department, forwarded to the Treasury for liquidation. Before being paid, however, they undergo inspection by the Examiner of Expenditure Accounts, who classifies and places in abstract all claims that are found unobjectionable. After signing the abstract the Examiner hands it to the Accountant, in order that he may certify whether funds are available to meet the demands therein shown, as well as to see that the Governor's Warrant has been obtained for their payment. Having satisfied himself on these points the Accountant also signs the abstract and forwards it to the Paymaster, whose duty it is to issue cheques on the Public Account in liquidation of all claims thus passed by the Examiner and Accountant. Claims of a peculiar and special nature are dealt with in a somewhat similar manner.

The Paymaster and the Receiver submit their respective Cash Books, together with the vouchers in support of their entries, to the Accountant every morning. It is the duty of the latter officer to compare the vouchers with the entries therein, and check the same in every way possible. He must likewise see that the cheques charged against the Public Account, as shown in the Bank Sheet, which he also receives daily, correspond with the entries made in the Paymaster's Cash Book; and that the moneys deposited in the Bank correspond with the sums collected by the Receiver, as shown by his Cash Book. Having satisfied himself in respect to these matters, he signs the two Cash Books and returns them, retaining, however, the vouchers, which he or his assistants at once proceed to enter in the General Cash Book of the Department, and thereafter post into the Revenue and Expenditure Ledgers. Having completed these operations, the vouchers, together with a copy of the Cash Book for the day, are forwarded to the Auditor General, for the purpose of undergoing the audit prescribed by the Audit Act.

LOANS ACCOUNT.

The Loans contracted by this Colony have been chiefly for public works of a permanent and reproductive character, such, for instance, as the construction of Railways and Telegraphs—the improvement of the navigation of Harbours and Rivers—the construction of Wharves, Docks, and Breakwaters—the erection of Bridges, Gaols, and Court-houses—and for services which are calculated to benefit posterity to even a greater extent than they do the present generation.

All moneys raised by Loan are kept in an account separate and distinct from the Consolidated Revenue Fund, so that no portion of such moneys can be used by the Government for any purpose foreign to that for which it was obtained, without being immediately reported to Parliament by the Auditor General.

The expenditure of Loan Funds is carried out in precisely the same manner as expenditure out of the Consolidated Revenue Fund. Parliamentary authority must be obtained both for the Loan to be raised and the services to be paid for out of the proceeds. Heads of Departments and others entrusted with the carrying out of the services provided for by Loan, forward from time to time duly certified claims to the Treasury, where they are paid under warrants of the Governor previously obtained.

No appropriation or balance of an appropriation for a Loan service is cancelled or written off until the service has been completed, or all idea of carrying it out abandoned by the Government. Moneys thus saved on a Loan can only be dealt with by Parliament, that is, they cannot be expended by the Government unless under a fresh appropriation of the Legislature.

METHOD OF RAISING LOANS.

Although Parliament fixes the amount of every Loan, as well as the rate of interest to be paid thereon, the mode of borrowing is left to the Governor with the advice of the Executive Council. A few of the smaller and earlier Loans were raised in the Colony, at rates of interest varying from 2¾d. to 3¼d. per cent. per diem. Since, however, Loans of greater magnitude have become necessary, the negotiation of them has been effected almost exclusively in England by our financial agents there. From the establishment of Responsible Government until recently, the Loans of this Colony have been raised on debentures bearing interest at the rate of 5 per centum per annum, with a currency generally of thirty years. In 1873 the rate of interest was however reduced to 4 per cent., and a Loan for £509,780 at that rate was the same year authorized to be raised by inscription; that Loan has been negotiated in the Colony at prices ranging from 95 per cent. to par.

The Debentures of the last two or three Five per cent. Loans negotiated in London realized prices varying from 95 to 104 per cent., and those of the three and a quarter million Four per Cent. Loan negotiated there this month realized an average price of £98 9s. 2d. The Debentures issued by this Government have consisted almost invariably of three denominations, namely, £100, £500, and £1,000, and every Loan is composed of a certain proportion of each denomination.

THE TRUST FUND.

This Fund embraces all accounts of a special nature, excepting Loans, which, as already stated, are by law kept separate and distinct from all other accounts. Trust Funds are moneys set apart for particular purposes, either by Parliamentary or Executive authority, and must be reserved for those purposes alone. The various accounts embraced in the Trust Fund are kept in the Treasury, and the money in the bank where the Public Account is kept. Payments out of this fund can only be made under the warrant of the Governor, obtained in the usual manner—that is, the Auditor General must first certify that the amounts asked for by the Treasurer are legally available for issue.

PUBLIC DEBT.

In 1855, the year in which Responsible Government was established in this Colony, the public debt was only about two millions. On the 31st December, 1878, it stood at £11,688,119 9s. 2d., exclusive of advances to the amount of £1,950,000 made from the Consolidated Revenue Fund, pending the negotiation of authorized loans, so that in twenty-three years there has been added to it a sum of only about nine and a half millions. During that period loans have been paid off finally to the extent of £946,000. The following summary of the services for which this debt has been incurred will show that the money borrowed has to a large extent been applied to public works of a reproductive, permanent, and beneficial character—in short, towards the settlement and progress of the Colony, viz. :—

Expenditure to 31st December, 1878 :—

Railways...	£10,139,464	14	7
Telegraphs	430,186	13	0
Immigration	569,930	0	0
The Sewerage and Water Supply of the Metropolis	443,261	14	6
For improving the Navigation of Harbours and Rivers	941,460	11	5
Public Works and Buildings generally	865,620	9	11
Roads and Bridges generally	396,950	7	9
Public Works, Queensland, when it formed part of New South Wales...	49,855	8	6
Total	£13,836,729	19	8

The earnings of the railway lines already constructed have, during the last three or four years, not only paid all the working expenses, but within a trifle of the interest on the capital, and it is confidently anticipated that, as they are extended into the interior, the revenue will increase year by year until they will not only pay the full rate of interest on the money borrowed for their construction but become sources of profit to the Colony.

Although the Telegraphs at one time had a revenue slightly over its expenditure, they have not recently, owing probably to their rapid extension all over the Country and a considerable reduction in the scale of charges, contributed anything towards the interest on the outlay. It is however expected that this rather unsatisfactory state of matters will not long continue.

With the exception of one loan of a million, on account of railway works, negotiated in London in the year 1869, redeemable by drawings of £20,000 annually, which commenced in 1872, there is no provision made, either by way of a sinking fund or otherwise, for meeting the Debentures of this Colony as they mature. All recent loans have been for a period of thirty years. No loan falls due until the year 1888. Many years ago it was found necessary to borrow money to carry out permanent public works of an expensive and important, though not of a reproductive character, but as the necessity does not now exist that practice has been abandoned and loans are now chiefly raised for the construction of Railways and Telegraphs, the revenue from which will in a few years be more than sufficient to pay the interest thereon.

The debt outstanding on the 31st December last consisted of the following description of securities, viz. :—

Terminable Debentures, falling due in various years between 1888 and 1909	£10,072,600	0	0
Terminable Debentures, payable by annual drawings of £20,000	850,500	0	0
Interminable Debentures	234,830	0	0
Funded Stock—Interminable	530,189	9	2
Total	£11,688,119	9	2

BANKING ARRANGEMENTS.

Local Account.

The local Banking business of the Government has for very many years past been satisfactorily conducted by the Bank of New South Wales, which is the oldest, the largest, and the most influential monetary institution in the Colony. The agreements under which this business has been conducted have from time to time been modified to meet the state of the Public Funds and the altered circumstances of the money market. The present agreement does not expire until the 30th June, 1880. Under it the Bank pays the Government interest at the rate of 3 per cent. per annum on the daily aggregate balance, less a margin of £50,000.

Should the Government require to overdraw its account at any time during the currency of the agreement, it can do so to the extent of £200,000, subject to an interest charge at the rate of 5 per cent. per annum.

Under certain conditions detailed in the Banking Agreement, which had the approval of the Legislative Assembly, the Government were empowered to make "Special Deposits" with Banks other than the Bank of New South Wales, at a rate of interest not exceeding 4 per cent. per annum. At the present time there is, under this arrangement, a sum of £1,725,000 under Special Deposit with nine of the City Banks.

The Treasury collections are deposited in the Bank daily, and payments therefrom can only be made by cheques drawn by the Paymaster of the Treasury. Heads of Departments and other officers in Sydney, entrusted with either the collection or expenditure of public moneys, keep their accounts with the Bank of New South Wales. Collectors of Public Revenue in the interior also keep their accounts with the Branches of that Bank, in districts where such are estabished, and transmit their collections to the Treasury by the drafts of such Branches on the Head Office. For these drafts the Bank charges one-eighth per cent. The charge against the Government for exchange is made quarterly, and the interest payable on its credit balances is brought to account half-yearly. Statements called "Bank Sheets," showing the payments made and the moneys received by the Bank on behalf of the Government, are furnished to the Colonial Treasurer and Auditor General, respectively, daily—to the former to enable his Accountant to check the books of the Receiver and the Paymaster, to the latter to enable him to audit satisfactorily the accounts of the Treasurer.

London Account.

The London Branch of the Bank of New South Wales has also for a considerable period managed the financial business of the Government in England. The agreement for the conduct of that business expires on the 30th June, 1880. Through the Agency of the London Branch of this Bank all the larger Loans of the Government have been negotiated, as well as all payments made for Interest on the Public Debt, and for Railway and other materials purchased by the Agent General on behalf of the Colony.

For negotiating Loans the Bank is paid, under the existing agreement, a commission of one-quarter per cent. on the nominal amount of any Loan not exceeding one million, and one-eighth per cent. on any amount in excess of that sum. One-quarter per cent. of commission is also allowed on the principal sum of debentures paid off, and on payments involving verification of accounts or transmission to the Colony by documentary evidence or vouchers. For interest on the public debt, which is payable half-yearly in London, a charge of one-half per cent. is allowed.

The interest payable to the Government in respect of any cash balance in the hands of the Bank is 1 per cent. below the Bank of England rate, for the time being, on the daily balance; and the interest chargeable to the Government for cash advanced by the Bank is 1 per cent. above the Bank of England rate, but the charge on such advance can never be less than 5 per cent. during the currency of the agreement.

When the proceeds of a loan, or any portion thereof, have to be made available to the Government in Sydney, exchange upon the operation is chargeable at a rate one-quarter per cent. less than the rate then ruling for sixty days bills on London, or, if required by the Bank, notice of the desired transfer must be given, so that the transfer may be regulated in accordance with the scale provided by the agreement.

When funds are required in London by the Government they must be placed there in one of the three undermentioned ways :—

1. By remitting sovereigns through the Bank at current rates of freight and insurance, and cost of packages.
2. By remitting the bills of the Bank at one quarter per cent. less than the exchange of the day.
3. By placing in the hands of the Bank, as collateral security, Government Debentures for sale, on which the Bank must advance up to a sum of £350,000, if required.

Copies of the London account, supported by vouchers and authorities, &c., are furnished monthly to the Treasurer and Auditor General, respectively. On receipt of these documents the receipts and payments therein shown are at once abstracted and passed through the books of the Treasury in the same manner as if the transactions had taken place in the Colony.

REVENUE AND EXPENDITURE.

The Revenue and Expenditure of the Colony is increasing year by year in proportion to the prosperity of the people and the increase of population. This is naturally to be expected for as new lands are taken up and outlying districts occupied, demands upon the Government for all those services which tend to promote the well-being of a community are constantly being made; and although these services when granted create an additional expenditure, there generally follows an augmentation of the revenue, both from the sale and occupation of the waste lands of the Colony, and the larger consumption of dutiable articles.

When responsible Government was established in 1855, the revenue amounted to £973,178, the population being then only 277,000. Ten years later—that is, in 1865, and after the Colony of Queensland had been formed out of the Northern Districts of New South Wales—the revenue amounted to £1,755,462, and the population to 411,000. In 1875, exactly twenty years after the introduction of Responsible Government, the population had increased to 606,000, and the revenue to £4,121,996. The population is now estimated at 700,000.

During the last six or seven years the revenue has largely exceeded the expenditure, and notwithstanding that Loans for Public Works and other purposes have been paid off out of the annual surpluses of these years, to the extent of nearly two millions, there was left an actual surplus on the 31st December, 1878, of close upon two millions and a half. One-half of this surplus it is proposed to expend upon public works and buildings of a permanent and national character—still reserving a million and a quarter for future appropriation.

The following statement, taken from the *Government Gazette* of 2nd January last, shows in a condensed form the actual revenue and the actual disbursements during the year 1878 :—

REVENUE, 1878.

Taxation—						
Customs	£1,148,737	0	9			
Duty on refined sugar and molasses	40,212	15	4			
Duty on spirits distilled in the Colony	4,007	4	5			
Stamp Duties (arrears)	9	17	4			
Duty on Gold	6,898	14	9			
Licenses	109,851	16	0			
				1,309,717	8	7
Land Revenue—						
Sales	1,915,466	16	0			
Interest on Conditional Sales	160,544	11	1			
Pastoral Occupation...	216,092	3	6			
Mining Occupation	11,662	11	4			
Miscellaneous Receipts	21,946	6	1			
				2,325,712	8	0

Receipts for services rendered—						
Railway receipts	£860,285	2	10			
Telegraph receipts...	72,095	3	6			
Postage	148,571	15	4			
Commission on Money Orders	5,737	12	0			
Mint Charges	9,810	0	0			
Fees for escort and conveyance of Gold	1,465	1	2			
Pilotage and Harbour and Light rates	32,062	5	2			
Registration of Brands	850	1	9			
Contributions under the Sheep Disease Prevention Act	7,188	12	0			
Fees of office	45,516	10	2			
				1,183,582	3	11
Miscellaneous Receipts—						
Rents, other than rents of land	6,096	17	5			
Fines and Forfeitures	9,939	13	8			
Interest on Bank Deposits	91,771	15	5			
Other items...	65,098	19	6			
				172,907	6	0
Total Revenue of 1878				£4,991,919	6	6

EXPENDITURE, 1878.

Civil List charges	£48,231	16	4	
Executive and Legislative Departments	19,133	7	4	
Colonial Secretary's Department	4,584	6	11	
Volunteer and Military Forces	62,138	18	9	
Ordnance Department	22,222	4	0	
Police	187,347	11	3	
Prisons	72,466	14	1	
Audit Department	6,219	18	0	
Registrar General's Department	15,750	1	3	
Agent General for the Colony (London)...	2,850	0	0	
Immigration	95,126	16	11	
Medical Officers and Lunatic Asylums	64,355	10	6	
Charitable and Benevolent Institutions	80,180	2	8	
Department of Justice and Public Instruction	4,911	14	3	
Public Instruction and Educational Establishments	375,360	5	1	
Free Public Library...	5,008	7	7	
Observatory	2,626	17	4	
Museum	2,299	4	6	
Attorney General's Department	4,592	15	10	
Administration of Justice	124,351	1	1	
Treasury	14,585	16	1	
Customs	48,587	11	5	
Government Printing Department	34,988	15	10	
Stores and Stationery	91,003	5	7	
Marine Board	38,157	17	10	
Administration of the Public Lands	355,807	18	6	
Department of Mines	18,269	9	7	
Department of Public Works	7,080	16	5	
Railways	698,446	3	3	
Public Works	317,677	3	5	
Harbours and Rivers Navigation Works	184,237	3	11	
Roads and Bridges	525,496	14	1	
Post Office	281,119	11	0	
Electric Telegraphs...	96,181	13	7	
Interest on Loans	560,651	10	8	
Repayment of Loans	27,400	0	0	
Drawbacks and Refund of Revenue	268,387	0	9	
Charges on Collections	4,342	15	10	
Endowment of Municipalities	82,634	17	10	
Sydney Branch of the Royal Mint	16,250	0	0	
Pensions—36 Vic. No. 29	8,806	5	8	
Departments other than those abovementioned...	33,025	16	8	
Miscellaneous Services	195,990	1	4	
Total Expenditure in 1878 ...	£5,108,881	2	11	

It will be observed that the expenditure here shown amounts to a larger sum than the Revenue of 1878. It must, however, be understood that this expenditure includes a large amount chargeable to the Revenue of previous years, which owing to the lapse of certain appropriations for public works under the provisions of the Audit Act, could not be incurred until re-votes for such services were obtained.

The Treasury, New South Wales,
8th May, 1879.

JAMES THOMSON.

NEW SOUTH WALES.

An Account of the Rise, Progress, and present Condition of the Revenue of the Colony of New South Wales.

[*Written in the Year 1876 for the information of the Imperial Government.*]

REVENUE AND RECEIPTS.

Preliminary Remarks.

From the foundation of the Colony in the year 1788, to the establishment of the first Legislative Council in 1824, the records of local revenue and expenditure are too imperfect to render them of much value for statistical purposes, or for comparison with the revenue and expenditure of subsequent years. Up to that time the public expenses of the Colony, which consisted chiefly of expenditure connected with the support and management of British convicts, were borne almost entirely by the Imperial Government. From a Parliamentary paper published in the year 1824, it appears that the expenses of the Colony to the Crown, including expenditure for transportation, were, in 1821, £425,350 14s. 4d., and for the period from 1st January to the 7th September, 1822, £365,729 17s. 9d. During these years the local annual revenue could not have much exceeded £30,000.

Early in the year 1800, import duties (probably the first form of indirect taxation attempted in the Colony) were imposed on spirits, wine, and beer, for the purpose of providing funds for completing the erection of a Gaol in Sydney, a work which had previously been carried on by a voluntary assessment, levied in the first instance on the inhabitants of Sydney, but afterwards on the community at large. As the produce of these imposts was, however, found inadequate to complete the work, duties on other articles of luxury were resorted to, which, with some slight modifications, were continued to be collected under Proclamations of successive Governors till the year 1840.

When Major-General Macquarie assumed the Government in 1810 the population was 11,590, and the port duties about £8,000 a year. On his retirement from office, in 1821, the population had increased to 29,783, and the port duties to nearly £30,000.

Notwithstanding the establishment of a Legislative Council in 1824, which was the third year of Sir Thomas Brisbane's administration, it does not appear from any of the official records that the expenditure of the local revenue was in any way controlled by that body, nor does it appear that any Estimates were prepared or submitted to the Council before the year 1832, three years after it had been enlarged to fourteen Members. On the contrary, it is on record that before the year 1826 the Colonial Revenue had been applied at the discretion of the Governor to the liquidation of expenses of every description, almost indiscriminately, and without any fixed rules of appropriation. In that year the expediency of rules for its application was determined upon; and it was decided that the entire charge of the Civil Establishments of the Colony should be defrayed out of the local revenues, and that of the Convict Establishments out of the funds to be annually provided by the Imperial Government.

Prior to 1824, all accounts of receipts and expenditure were transmitted to the Lord's Commissioners of the Treasury. In that year Mr. Lithgow was appointed Auditor-General for the Colony, but his duties were limited to auditing the local revenue and expenditure accounts. The accounts connected with the expenditure for the maintenance and supervision of British convicts, kept by the Commissariat, were, as formerly, periodically forwarded to the Imperial Government, and the business of that Department continued as heretofore, under the sole and immediate control of the Governor for the time being, as the Representative of the Crown. Even after the appointment of Mr. Lithgow as Auditor-General, and up to the year 1855, when Responsible Government was introduced, the accounts of the Crown Lands Revenue of the Colony were annually transmitted to the Imperial Audit Office, where they underwent a minute and thorough examination.

In April, 1827, the first Collector and Comptroller of Customs was appointed, with a suitable establishment of officers and clerks. Prior to that the Customs duties were collected by a functionary called the Naval Officer. In February, 1829, the department of Customs was placed under the direction of the Commissioners of Customs in England, and transferred to the charge of officers under their orders, sent out by them for the purpose. From that time up to 1852, when the control of all the revenues of the Colony was transferred to the local Legislature, the Customs continued to be a kind of semi-Imperial institution.

In the early days of the Colony, and even for some years after the establishment of the first Legislative Council, the Customs' duties, which were then the principal source of revenue, were collected under Proclamations of the Governor. In the Imperial Act 4 Geo. IV, cap. 96, which provides for a Legislative Council, there is a clause which conclusively proves this, as it makes perpetual the Act 59 Geo. III, cap. 114, passed in the year 1819, the preamble of which is as follows :—"Whereas since the establishment of a Colony in New South Wales the Governor or other persons administering the Government thereof have from time to time caused to be raised and levied certain rates and duties upon goods wares and merchandise imported into or exported from the settlements therein : And whereas it is expedient that the said Governors and all other persons who may have advised issued or executed any order with respect to the raising or levying any such rates or duties should be protected from vexatious suits until further provision shall be made by Parliament." It further states that till the first day of January, 1821, no action or prosecution should be commenced against the Governor or other person in any way connected with the collection of these rates or duties. Another clause of this Act authorizes the rates or duties collected prior to the passing thereof to be continued or discontinued wholly or in part by the Governor of the Colony as he should deem expedient, and by the third section he is also empowered to levy a duty upon spirits made within the Colony, provided such duty shall not exceed the duty levied upon imported spirits. It also empowers him to make rules and regulations for the collection of the same.

To remove all doubts as to the legality of the collection of duties under proclamations of successive Governors, the Legislative Council passed an Act, in August, 1825, to stay proceedings against the Colonial Treasurers of New South Wales and Van Diemen's Land, then a dependency of the Colony, or any other person, for collecting, levying, or receiving duties previous to the passing of such Act. Another Act was passed by the Council in November of the same year, to continue until further provision should be made certain duties, tolls, rates, fees, and other sums of money, and to legalize the collection of all such duties, tolls, &c., levied under any Proclamation or Order of any Governor before the 12th day of August, 1824, the date on which the Legislative Council was established. Under the provisions of this Act the Governor was likewise empowered to reduce or discontinue the said duties, tolls, rates, fees, and other moneys as should be deemed by him expedient.

Customs and Excise Duties.

From these enactments it is evident that, until the Legislative Council was enlarged, the imposition of Customs duties and other taxes in support of the public revenue was left entirely to the discretion of the Governor of the Colony for the time being. The Customs and Excise duties, which were chiefly on articles of luxury, collected at the time these Acts were passed, do not appear to have been considered excessive by those who had to pay them. The following is the tariff as fixed by the Proclamation of Sir Thomas Brisbane, dated 25th October, 1825 :—

Spirits imported from Great Britain or the West Indies ...	6s. 0d. per gallon.
Spirits from other countries...	7s. 6d. ,,
Tobacco...	1s. 0d. per lb.
Ad valorem duty on foreign goods...	... 5 per cent.
Spirits made or distilled from grain the produce of the Colony	2s. 6d. per gallon.
On all other spirits made within the Colony	4s. 2d. ,,

These rates were slightly increased by the Proclamation of Governor Darling, dated 16th October, 1828—

Spirits imported from Great Britain or the West Indies were raised to	6s. 6d. per gallon.
Spirits from other countries to	8s. 6d. ,,
Manufactured tobacco was made	2s. 0d. per lb.
Unmanufactured tobacco	1s. 6d. ,,

The duty on foreign goods remained as before, and only the one charge on spirits made in the Colony, viz., 2s. 6d. per gallon, was authorized.

The following are the amounts of Import Duties collected under these Tariffs in each year, from 1824 to 1840, viz. :—

1824	£28,763	1833	£108,466
1825	48,437	1834	124,501
1826	47,733	1835	140,424
1827	49,472	1836	153,682
1828	65,116	1837	163,286
1829	74,731	1838	145,330
1830	78,657	1839	158,232
1831	87,803	1840	195,080
1832	93,864		

From this statement it will be seen that in sixteen years the Customs revenue had increased from £28,763 to £195,080, or at the rate of 578 per cent. In 1824, when the population of the Colony was 32,702, the Customs revenue was £0 17s. 7d. per head; and in 1840, when the population was 129,463, it was at the rate of £1 10s. 1½d. per head. During 1875 it was at the rate of £1 12s. 1½d. in a population of 606,652.

The duty on spirits distilled in the Colony from 1825 to 1840, inclusive, realized an aggregate sum of £44,804, which gives an annual average during that period of £2,800. The duties collected during the years 1839-40 amounted, however, to over £26,000, a circumstance which proves that the manufacture of spirits in the Colony was on a much larger scale than formerly.

No change seems to have been made in the tariff as fixed by Governor Darling until the year 1840, when the Legislative Council passed an Act (4 Vic. No. 11) for increasing the duties on spirits, wine, and other goods and merchandise imported into the Colony and its dependencies. The following are the import duties which that Act authorized to be collected from and after the passing thereof, viz.:—

On spirits the produce of the United Kingdom or British Possessions, per gallon ... ... 12s.
On all other spirits imported, per gallon... ... ... 12s.
On wine, £15 for every £100 in value.
On tea, sugar, flour, meal, wheat, rice, and other grain, and pulse, £5 for every £100 in value.
Manufactured tobacco and snuff, per lb.... ... ... 2s.
Unmanufactured tobacco, per lb. ... ... 1s. 6d.
On all other foreign goods, £10 for every £100 in value.
The duties on spirits manufactured in the Colony remained as they were.

Under this tariff there were collected in 1841, £223,845; in 1842, £215,253; and in 1843, £164,929. Instead of the increased rates having improved the Customs revenue they seem to have had the contrary effect, for the amount collected in 1843 was less by £30,151 than that collected in 1839, under the old tariff. This falling off is, however, chiefly attributable to great commercial embarrassment and general monetary depression during the three years mentioned, the result of a protracted drought in 1839, of excessive speculation, and a reduction of the price of wool in England.

The duties levied under the Act 4 Vic. No. 11, having been considered excessive, an Act was passed in December, 1843, to alter and amend the import duties and the duties collected on spirits distilled in the Colony. This Act (7 Vic. No. 24) was reserved for the approval of Her Majesty, and was not to come into operation until such approval had been notified in the usual manner in the Government Gazette. The duties it authorized were however never collected, as the Act was disallowed by Her Majesty. The following were the duties therein provided for:—

Imported spirituous liquors, one-half the rates then in force.
Spirits distilled in the Colony, a similar reduction.

And the following specific duties in lieu of the ad valorem duties then chargeable on the undermentioned articles:—

	s.	d.
Flour or meal, per cwt	2	6
Grain—Wheat, per bushel	1	0
All other sorts, per bushel	0	4
Sugar—refined, per lb.	0	0¾
Unrefined and Molasses, per lb. ...	0	0¼
Wine, per gallon	1	0
Tea, per lb.	0	1
Coffee, ,, ...	0	0½

By the Act 11 Vic. No. 7, which passed in August, 1847, and came into operation on the 1st January, 1848, the duty on spirits distilled in the Colony was increased to 3s. 6d. per gallon, that on imported rum and whiskey reduced to the same rate, and all other spirits to 6s. Spirits, liqueurs, wine, &c., containing above 25 per cent. of alcohol of certain strength and specific gravity, were to be charged 6s. per gallon. By a subsequent Act (14 Vic. No. 8, passed September, 1850) a duty of 3s. 6d. per gallon was to be imposed on all imported perfumed spirits without regard to strength.

On the 1st July, 1851, the District of Port Phillip, which had, since its settlement in 1836, formed part of New South Wales, was erected into a separate Colony, under the designation of Victoria. Up to that time, therefore, the Customs duties and other revenues derived from that district were included in those of New South Wales.

The following are the combined Customs duties and duties on Colonial Spirits collected under the several Statutes in force from 1844 to 1851, the year of Separation, viz :—

	Customs.	Colonial Spirits.
1844	£151,969	£13,122
1845	157,489	19,504
1846	151,354	13,658
1847	170,822	15,084
1848	169,678	9,232
1849	187,048	4,357
1850	219,298	2,850
1851	201,501	7,210

In August, 1852, an Act (16 Vic. No. 7) was passed repealing all former enactments relating to the imposition of duties except so far as they related to the duty on spirits distilled in the Colony, and authorizing the collection of the following duties from and after the passing of the same, viz. :—

	s.	d.
Ale and Porter in wood, per gallon	0	1
Do. in bottle ,, ...	0	2
Coffee, chocolate, and cocoa, per lb.	0	0¾
Currants, raisins, and other dried fruits	0	0½
Brandy and gin, per gallon	6	0
Whiskey and rum ,, ...	4	0
Perfumed spirits ,, ...	4	0
Spirits, liqueurs, cordials, brandied fruits, or strong waters, mixed or sweetened with any articles the strength of which connot be ascertained by Sykes' hydrometer, per gallon	6	0
Wine not exceeding a certain strength and gravity, per gallon	1	0
Refined sugar, per cwt.	3	4
Unrefined sugar, ,, ...	2	6
Molasses, ...	1	8
Tea, per lb.	0	1½

Manufactured tobacco, 1s. 6d. per lb. to 31st December, 1853; thereafter 1s.
Unmanufactured, 1s. per lb. to 31st December, 1853; thereafter 8d.
Cigars and snuff, 2s. per lb.

The duty upon Colonial spirits was increased from 3s. 6d. to 3s. 8d. per gallon, by the Act 16 Vic. No. 9, also passed in August of the same year.

The duteis on both imported and Colonial spirits were again considerably increased by an Act passed in November, 1854. That Act (18 Vic. No. 24) authorized the following duties to be collected on imported spirits, viz. :—

	s.	d.
Brandy and gin, per gallon	9	0
Whiskey and rum ,, ...	6	0
Perfumed spirits ,, ...	6	0
Liqueurs, cordials, &c., per gallon	9	0
And on spirits distilled in the Colony	5	8

These rates did, however, continue long in force, for by the Act 19 Vic. No. 14, passed in September, 1855—only a few months before the introduction of Responsible Government—all the Acts under which Customs duties were then being collected were repealed, and the following entirely new tariff, which came into operation on the 12th of that month, substituted :—

Spirits—

	s.	d.
Brandy and gin, per gallon	10	0
Whiskey, rum, and all other spirits, per gallon	7	0
Spirits, cordials, liqueurs, and strong waters, sweetened or mixed with any article the strength of which cannot be ascertained by Sykes's hydrometer, per gallon	10	0
Perfumed spirits, per gallon	7	0
Wine containing more than 25 per cent. of alcohol, per gallon ...	10	0
Wine not containing more than 25 per cent. of alcohol, per gallon ...	2	0
Ale, porter, and beer in wood, per gallon	0	1
Ditto ditto, in bottle	0	2
Tea, per lb.	0	3
Sugar refined, and candy, per cwt.	6	8
Ditto, unrefined, per cwt....	5	0
Treacle and molasses, per cwt.	3	4
Coffee and chicory, per lb.	0	2
Cigars, per lb.	3	0
Tobacco and snuff, per lb.	2	0

This tariff, which seems to have given general satisfaction, and which is even now spoken of as a model tariff, was one the last of the many important measures passed by the Legislative Council, which expired on the 24th November, 1855, the day on which the new Constitution was proclaimed in the Government Gazette of New South Wales. So popular was this tariff, which was known as the "Deas Thomson Tariff," that, with the exception of a duty of 10s. per lb. on opium, imposed in November, 1859, and a reduction of 1s. per lb. on the importation of unmanufactured tobacco as a relief to the Colonial manufacturer, who could not otherwise compete with the imported article, it remained undisturbed until June, 1865, when, in consequence of a deficiency in the revenue, a short Act was passed increasing the duties for a limited period on all importations then liable to duty (except tea, sugar, brandy, and gin), by an additional charge on existing duties of 20 per cent. Another Act (20 Vic. No. 7) passed in the same month of that year, imposing a package charge of 1s. on every description of package therein mentioned, which brought in a considerable revenue. That Act, however, expired on the 31st of December, 1867, and has not since been renewed in any form whatever. The Act 29 Vic. No. 3, imposing the additional charge of 20 per cent. on the importations above referred to, being universally condemned, was repealed in January, 1866, when the tariff of 1855 was considerably enlarged.

The most important feature of the tariff of 1866 was the imposition of an ad valorem duty of 5 per cent. on all goods imported into the Colony, except those which were chargeable with specific duties and a few articles altogether exempt from duty. The duty on whiskey and rum was raised to 10s., wine to 3s., ale and porter in bottle to 6d., and in wood to 3d. per gallon. Duties on the following articles were added:—Malt, 6d. per bushel; hops, 2d., and opium, 20s. per lb.; rice, £2 per ton; and dried fruits, 10s. per cwt.

For several years after the inauguration of Responsible Government the revenue was found adequate to the expenditure, but in the years 1862–63 the country became clamorous for public works of every description; and the Government of the day, pressed by Members of Parliament who were anxious to serve their constituents, sanctioned in anticipation of Parliamentary appropriation a much larger expenditure than it was possible for the ordinary revenue to meet. The result was a large deficiency, which was temporarily provided for by the issue of Treasury Bills with a limited currency. To provide for the payment of these Bills at maturity and prevent deficiencies in the future, ad valorem duties were proposed by the Government in 1864, and the requisite measure for their imposition was introduced and passed by the Legislative Assembly, but rejected by the Council, which viewed it as one of a protective character. The rejection of this measure towards the close of a long Session resulted in another deficiency that year almost as large as that of 1863 and previous years. This second deficiency was, however, more the result of unpropitious seasons, consequent stagnation of trade, and general monetary depression, than the loss of the ad valorem duties, which, even had the measure for their imposition become law, could not have effected the revenue of the year 1864 to any great extent.

Throughout almost the whole of the decade ending with the year 1870 the Colony suffered severely from alternate droughts and floods of a most disastrous nature, and it was not until the year 1871 that the revenue was again found equal to the expenditure. From that year until the present time the revenue has so largely exceeded the ordinary expenditure that the Government have been enabled to pay off all the temporary loans of former years, as well as a considerable amount of what is called the permanent debt. This gratifying state of the revenue has not, however, been brought about by any large increase in the taxation of the country, but from the proceeds of sale of land, for which there has been a growing demand since the commencement of the year 1872.

It was with a view to meet the deficiencies in the revenue of the last decade that the additional duty of 20 per cent. on existing duties, the package charge, the ad valorem duties, and the increase to the specific duties already alluded to were made to the tariff of 1855. As some of these were only continued for a short time, it became necessary to supply their place with others of a less objectionable character. In 1871, therefore, an Act (34 Vic. No. 21) was passed imposing specific duties on a number of articles which had hitherto been charged an ad valorem duty of 5 per cent. This important change produced a considerable augmentation in the Customs revenue. The Act imposing these specific duties also made a distinction between sparkling and still wines; the former became chargeable with a duty of 6s., and the latter with 4s. per gallon; cigars were increased from 3s. to 5s. per lb.; ale and porter, in wood and bottle, were increased respectively 6d. and 9d. per gallon; coffee and chicory, from 2d. to 3d. per lb.; hops, from 2d. to 3d. per lb.; and rice, from £2 to £3 per ton; the duty on opium was reduced to 10s. per lb.

In 1873, when the revenue was in a flourishing condition, the Government of the day proposed and carried a measure (37 Vic. No. 5) for the abolition of the ad valorem duties, which were not only generally condemned for their demoralizing tendency, but most obnoxious to the mercantile community on account of the injurious extent to which the trade of the port was hampered and interfered with. That measure also provided for the reduction by thirty-two of the list of articles chargeable with specific duties. The present Government have recently announced their intention of reducing that list still further, as opportunities occur, so as to bring the tariff back, or as near as possible, to that of 1855.

The following statement of Customs revenue and duties on Colonial spirits and Colonial refined sugar and molasses, from 1852, the first year after the separation of Victoria, to 1859, when Queensland was formed, and from that time until the year 1875, will illustrate pretty fairly the progress of the Colony during the twenty-four years embraced in these periods.

	Customs.	Refined Sugar, &c.	Colonial Spirits.
1852	£217,021	.....	£18,211
1853	354 938	.....	28,755
1854	405,720	.....	35,550
1855	421,735	.....	51,616
1856	471,401	.....	51,075
1857	533,104	.....	63,477
1858	557,298	.....	50,955
1859	611,874	.....	54,627

From the reduced territory of New South Wales.

	Customs.	Refined Sugar, &c.	Colonial Spirits.
1860	555,104	.....	44,129
1861	585,312	.....	38,514
1862	609,373	.....	35,643
1863	616,009	14,587	35,651
1864	538,446	15,900	10,085
1865	636,102	15,763	22,677
1866	828,710	12,820	22,054
1867	783,338	18,233	23,083
1868	847,537	15,287	29,970
1869	838,964	17,982	18,577
1870	853,815	17,816	12,623
1871	860,121	18,617	9,929
1872	974,857	15,020	8,829
1873	1,127,811	24,958	11,634
1874	951,233	33,883	10,800
1875	974,432	31,267	8,573

Crown Lands Revenue—Proceeds of Sales.

The Waste Lands of the Colony are the sources of revenue next in importance to the Customs. Previous to the year 1831, when the system of free grants was stopped by the Imperial Government, the amount received as proceeds of sale was extremely small.

While the Colony was in its infancy, and free immigration progressing at a slow rate, grants of land were liberally bestowed upon persons willing to cultivate the soil; but notwithstanding this inducement, very few free immigrants had arrived in the Colony prior to the administration of Sir Thomas Brisbane, which commenced in December, 1821. From that time, however, the Colony began to emerge from a penal into a free settlement, as the tide of free immigration then set in with a force which has continued, stronger or weaker, up to the present time.

The number of grants of country lands which had been issued up to the close of 1825 amounted to 2,936, the annual quit rents thereon being only £933 2s. 2d. The grants and leases of town allotments up to the same period numbered 1,340, the quit rents of which amounted to £1,250. The average annual quit rent payable therefore by 4,276 grantees was about 10s. each.

During the administration of General Darling a Land Board was appointed for regulating grants of land, in consequence of irregularities and abuses having arisen during the administration of his predecessor, Sir Thomas Brisbane. Under the regulations established by this Board, land was granted only in proportion to the means of the applicant and the likelihood of his ability to improve his grant.

The revenue arising from land sales from 1826 to 1831, when free grants were stopped and a system of sales by auction at an upset price of 5s. per acre established, was derived from sales by selection under the regulations of Governor Brisbane, published in the Sydney *Gazette* of 31st March, 1825. These regulations permitted individuals to purchase Crown lands at the rate of 5s. per acre, on condition of their paying a deposit at the time of 10 per cent., and granting promissory-notes for the remainder, payable by equal instalments at intervals of six months in the course of three years from the date of purchase. In the majority of cases these instalments were postponed until the expiration of three years; and as it was then found that purchasers were unable, from various causes, to pay up their balances, they were allowed, on completing the payment of one-third of the price, viz., 1s. 8d. per acre, to retain their lands on the payment of a quit-rent of 2d. per acre, being interest on the balance of 3s. 4d. at the rate of 5 per cent. per annum.

As this liberal arrangement did not however receive the sanction of the Secretary of State, other conditions of a less favourable nature, having reference to all uncompleted purchases made under Sir Thomas Brisbane's regulations of 5th November, 1823, and 18th May, 1825, were framed and

notified in the Government Gazette during the months of August and September of 1831. Purchasers who had accepted the terms above referred to, had either to accept the new conditions or surrender their lands, and lose all previous payments made thereon.

The system of free grants of land was, as already stated, abolished in 1831 by the Imperial Government. It was accordingly notified in the Government Gazette, on the 1st of July of that year, that no land should in future be disposed of otherwise than by public sale, at an upset price of 5s. per acre, and that all sales should be advertised for three months, and then sold to the highest bidder; that 10 per cent. of the price was to be paid at the time of purchase, and the balance in one month thereafter. In 1835 the period of advertising sales was reduced to one month.

These conditions continued in force until the 17th January, 1839, when the public were informed by notice in the Government Gazette, that in pursuance of instructions from the Right Hon. the Secretary of State, dated the 9th August, 1838, the minimum price of Crown lands in all parts of the Colony open to selection for purchase, including lands then advertised for sale or applied for, would be raised from 5s. to 12s. per acre.

Doubts having been entertained, prior to this change, as to the validity of the grants or conveyances of land issued by, and in the names of, the various Governors of the Colony, instead of in the name of the Sovereign, an Act (6 Wm. IV No. 16) was passed by the Legislative Council in June, 1836, declaring that all grants or conveyances so issued should be as valid and effectual in law as if made and issued in the name of His Majesty or his two immediate predecessors.

On the death of King William the Fourth, on the 20th June, 1837, it was found necessary to pass another Act to render valid all grants or conveyances which had been made or issued in his name under the Great Seal of the Colony, between the day of his demise and the 25th October, the date of the receipt of the intelligence of such demise.

No other change of importance with respect to the sale of Crown Lands took place until the year 1842, when the Imperial Parliament passed "*An Act for regulating the Sale of Waste Lands belonging to the Crown in the Australian Colonies.*" Previous to the passing of this Act the grants and sales of the Waste Lands of this Colony had been made under regulations framed in accordance with instructions received from the Secretary of State. Under the provisions of this measure, however, all former regulations were repealed, and new ones promulgated in March, 1843. According to these, public sales were to be held quarterly; not more than three, nor less than one month's notice of sale to be given; lowest upset price, £1 per acre; application might be made to have specified lots put up for sale; no lands to be sold before survey; grazing lands to be put up in sections of 640 acres; land suitable for cultivation in areas of 20 to 320 acres, and town allotments quarter an acre in large, and half acre in small, towns. Land offered for sale, and not bid for was to be open for selection at the upset price. No land was however to be alienated outside proclaimed boundaries. Receipts for land were made transferable. Expenses of survey, sale, and management to be primary charges on the Land Revenue, and one half of the proceeds of sales to be appropriated to the purposes of Immigration.

In the same year (1843) the Legislative Council was made a partially representative body. The Act of the Imperial Parliament, 5 & 6 Vic., cap. 76, providing for this reform, authorized the Council to be increased to thirty-six Members, twenty-four (or two-thirds) of whom were to be elected by the inhabitants of the Colony, and twelve (or one-third) nominated by Her Majesty. This measure also provided for the establishment of District Councils throughout the Colony, and for the constitution of new Colonies when considered desirable, out of territories comprised within the Colony of New South Wales. In accordance with the last-mentioned provision the Port Phillip District was formed into a separate Colony, under the name of Victoria, on the 1st July, 1851, and the Moreton Bay or Northern District, into the Colony of Queensland, in the year 1859. Notwithstanding these dismemberments the Colony as it now exists contains an area of 200,000,000 acres of land, of which probably not more than 20,000,000 acres have up to the present time been alienated.

A period of nearly twenty years elapsed before the Imperial Act of 1842 was altered or repealed, although several unsuccessful attempts were made between 1856 and 1861 to settle the "Land Question," admitted by all parties to be not only the most important but the most difficult question with which the local Parliament under the new Constitution had to grapple.

After much opposition, two Acts dealing with this subject were passed in the year 1861—one for regulating the alienation, the other for regulating the occupation of Crown Lands. These Acts came into operation on the 1st January, 1862, and continued in force, without amendment, until 1875, when some enlargement of their provisions and certain alterations necessary to correct abuses and remove doubts were effected.

The following are the main features of the Alienation Act (25 Vic. No. 1) of 1861:—

1. The Governor, with the advice of the Executive Council may set apart sites for new cities, towns, or villages, and declare what lands shall be reserved for the preservation of water supply, railways, roads, canals, or other public purposes.
2. Holders of leases issued prior to the 22nd February, 1858, to have a pre-emptive right to purchase to the extent of 640 acres.

3. Sales allowed on certain conditions, in consideration of improvements on any Crown Lands.
4. Free selection, before survey, by any one person of any area from 40 to 320 acres of any land not reserved for public purposes, or not being town or suburban lands, at the price of £1 per acre, on condition that a deposit of 5s. per acre be paid on application; that either the balance be paid at the expiration of three years, or interest thereon at the rate of 5 per cent. per annum until the payment of such balance; that the purchaser reside on his selection for three years from date of purchase, and effect improvements thereon during that period to the value of £1 per acre.
5. Mineral lands (other than gold) open to conditional purchase at £2 per acre, on condition that 10s. per acre be paid on application and improvements made to the extent of £2 per acre.
6. That land conditionally purchased but abandoned before the expiry of three years from the date of selection shall be declared forfeited, and may be sold at auction.
7. Other Crown Lands to be sold by auction without conditions for residence and improvement, in lots not exceeding 320 acres each, and advertised in the Government Gazette not less than one month, nor more than three. Upset prices to be: Town lands, £8; suburban lands, £2; other lands, £1 per acre; or such higher price as may be fixed by the Government.
8. Lands other than town and suburban, put up at auction and not sold, may be purchased without competition at the upset price, or at such higher price as may have been offered at sale.

Under these and the other provisions of the Lands Alienation Act of 1861 the revenue derived from the sale of the Waste Lands of the Colony has considerably increased, more particularly during the last three or four years. The aggregate amounts received for lands conditionally purchased from 1st January, 1862, to 31st December, 1875, a period of fourteen years, were as follows:—

Deposits of 5s. per acre	£1,933,821	12	8
Balances paid up	301,942	4	2
Interest, at the rate of 5 per cent. per annum, paid on outstanding balances	383,898	14	3
Making in all a sum of	£2,619,662	11	1

In addition to these sums there were balances unpaid—none, of course, legally due so long as the interest is paid upon them—to the amount of £5,499,522 13 2

Sales by auction during the same period realized	3,047,533	4	7
Selections after auction and pre-emptive purchases, &c. ...	684,507	11	0

One, and perhaps the most desirable, of the objects in view in passing the "Crown Lands Alienation Act of 1861" was, to encourage agriculture and promote the settlement of the interior by an industrious yeomanry. To secure this object and prevent land speculation, the maximum area that any one person could select was limited to 320 acres, and that, or any lesser area down to the minimum of 40 acres, could only be secured permanently by the purchaser residing on his selection continuously for a period of three years, and making improvements during that period to the value of £1 per acre. There being, however, no definition in the Act of the word "person," selections were frequently made in the names of children of tender years, who could not possibly comply with these conditions. It was likewise found that many of the declarations respecting residence and improvements made by conditional purchasers, at the end of the three years, were false, and that the law was being evaded by a system of selection called "dummying" or "vicarious selection," that is, servants or others purchasing land in their own names, for the purpose of afterwards transferring it to the persons who advanced the money, and for whom the land was in reality taken up, but who could not, in consequence of their having previously purchased the maximum area allowed by law, take it up in their own names. It was therefore with a view to correct abuses and irregularities such as these that an Act (39 Vic. No. 13) was passed in August, 1875, to amend the Crown Lands Alienation and Occupation Acts of 1861. The following are the leading provisions of this Act so far as relate to the sale of Crown Lands:—

1. Leased town and suburban lands, or lands on gold-fields on which improvements have been made, may be sold to the owners of such improvements without competition, at a rate to be fixed by the Governor in Council, not being less however than £8 per acre for town lands, £2 10s. for suburban lands or lands on a gold-field, and £1 per acre for all other lands.
2. Improvements must be of a fixed character, and such as to make the occupation of the lands on which they are made more beneficial. Such improvement must not at any time before have been used for a like purpose.
3. No owner of improvements on country lands, within areas reserved from conditional purchase, shall be entitled to purchase such lands, unless the improvements are of the value of £40 or over.

4. Improvements shall not exempt such lands from conditional purchase or pre-emptive lease, unless they are of the value of £40 collectively, or £1 per acre.

5. The word "person," in the Lands Alienation Act of 1861, to mean in respect to past conditional purchases, any persons under or over the age of twenty-one years, but in future a person of or over the age of sixteen years. Applications must be made in person.

6. When the balance of purchase money of any conditional purchase is not paid at the expiration of the three years allowed by the Act of 1861, or within three months thereafter, annual instalments of 1s. per acre must be paid until the balance, with interest at the rate of 5 per cent. per annum, have been paid. This will be accomplished by the payment of twenty-seven such annual instalments.

7. Land conditionally purchased which is not for the *bonâ fide* use of the purchaser but for the use of some other person whose servant or agent he may be, shall be illegal, and the land itself with all improvements thereon shall be forfeited, and the person so acting shall be guilty of a misdemeanor, and liable on conviction to imprisonment with hard labour for a term not exceeding two years.

8. Mineral land leases granted under the eleventh section of the "Crown Lands Occupation Act of 1861" can be converted into mining conditional purchases, notwithstanding such lands may be included within a reserve from sale made subsequently to the granting of such lease: Provided, however, they were not, at the date of application for such leases, within the population areas prescribed by the thirteenth section of the "Crown Lands Alienation Act of 1861."

9. Maximum area of future conditional purchases increased from 320 to 640 acres. Further area of 640 acres can be purchased when the conditions of the first are fulfilled.

10. Persons applying to have land measured for sale by auction to make a deposit of sixpence per acre on the area so applied for, which shall be refunded if the land is not offered for sale within twelve months thereafter, or if purchased at sale by any other person. If purchased by the applicant the amount so deposited will form part of his purchase money.

11. Lessees of pastoral lands may purchase any area of such lands not exceeding 640 acres nor less than 40 acres, within each block of five miles square at one pound per acre, on condition that improvements shall be made thereon, to the satisfaction of the Minister, within twelve months, to the like value. If improvements are not so made the sale will be cancelled, 25 per cent. of the deposit forfeited, and the balance refunded.

For the purpose of carrying out effectually the Land Acts of 1861, and with a view to facilitate to the utmost the conditional purchase of land by persons in the interior, agents were appointed by the Government to every town and district of importance throughout the Colony. These officers, who are called "Land Agents," are authorized to conduct sales of land by auction; sell, without competition, country lands that have been put up at auction, but not sold; receive deposits and interest on lands conditionally purchased; sell and receive the rents of pastoral leases within the first class settled districts, and issue licenses to cut and remove timber and other materials from Crown Lands. Thursday in each week has been appointed as the day on which lands can be conditionally purchased; and to prevent injustice being done to any one, or favoritism on the part of the Land Agents, stringent rules for the regulation of sales of this nature have been framed for the guidance of these officers.

Occupation of Crown Lands.

Besides the revenue derived from the sale of Crown Lands there are now, and for many years past have been, large sums annually received from the temporary occupants of the pastoral lands of the Colony, which are still of immense extent. It was not until the year 1823 that stock-holders were duly authorized to occupy the Waste Lands for grazing purposes. Occupation licenses, terminable by the Government at any time by six months notice, were first issued during the administration of Sir Thomas Brisbane, giving the holders thereof free grazing rights over a specified block of sixteen square miles. The occupants of pastoral lands are now generally called squatters, a term which was originally applied to persons who, without authority, formed stations in the interior, and having no means of their own, lived at the expense of the more legitimate tenants of the Crown.

During the government of Sir Richard Bourke, an annual license fee of £10 was imposed upon the squatters, more with a view to exclude improper and suspicious characters from the privilege of squatting than to obtain revenue. At the instance of the squatters themselves there was shortly afterwards added a small tax upon stock, for the purpose of supporting a Border police for the protection of the pastoral districts.

In April, 1844, Sir George Gipps, by proclamation, imposed an annual license fee of £10 upon every block of land capable of depasturing 4,000 sheep, whether such blocks were separate or contiguous. This new regulation gave great dissatisfaction to the squatters, many of whom had hitherto occupied several blocks under the one license fee regulation of Sir Richard Bourke. Immediately after the issue of this proclamation, the squatters formed themselves into an Association for the protection of the pastoral interests, which were then beginning to be of vast importance to the

Colony. The Association forwarded a petition to the Queen and both Houses of Parliament, as well as one to the Governor and Legislative Council, in which they embodied their grievances, and set forth pretty fully and very freely their views with respect to the management of the Waste Lands of the Crown generally.

It was probably these petitions, and somewhat kindred action on the part of the Legislative Council, which induced the Imperial Parliament to pass an Act (9 and 10 Vic., cap. 104) in 1846 for regulating the leasing of Crown Lands in the Australian Colonies. Up to that time there had been no proper system in operation, no regular leases, and no fixity of tenure. This Act provided for the issue of Regulations or Orders in Council which were to have the force of law. The Act and Orders in Council were received in Sydney in July, 1847, and published in the *Government Gazette* in October of same year, together with a few subsidiary regulations by the local Government. The Orders in Council divided the public lands of the Australian Colonies into three classes, viz., settled, intermediate, and unsettled. In the unsettled districts leases might be granted for terms not exceeding fourteen years, in the intermediate districts for eight years, and in the settled districts for one year. The rent of runs in the unsettled districts was to be in proportion to the stock they could carry : for every 4,000 sheep a charge of £10, and for every additional 1,000 a charge of £2 10s. was to be imposed. A short Act was passed in 1859 converting the intermediate districts into settled districts and authorizing the renewal of leases within such districts from year to year, on the then existing terms, until other Legislative provision was made.

In the year 1855 the Legislative Council passed "*An Act* (19 *Vic. No.* 26) *to authorize the levy of an Assessment on Sheep and Cattle depastured upon Crown Lands beyond the Settled Districts.*" Under the provisions of this Act, a rate of one half-penny was levied on every sheep, and a rate of threepence on every head of cattle and horses depastured in these districts. This Act, which was for one year only, was renewed in 1857, and in 1858 converted, under the Act 22 Vic. No. 17, into an assessment on runs, in the unsettled and intermediate districts, and an increased rent on lands leased for pastoral purposes within the settled districts. Holders of runs beyond the settled districts were to pay a yearly assessment of £7 10s. for every thousand sheep or their equivalent in cattle, which their runs should be estimated by competent authority to be capable of carrying, subject to certain reductions where the right to runs was obtained by tender without public notice, or under competition by tender under similar notice. The renewal of any lease already granted for pastoral purposes, within the settled districts, to be at the rate of £2 annually for every section of 640 acres, but for leases put up to auction after the passing of that Act, the minimum rent to be at the rate of £1 for every section of a like area.

The Orders in Council issued under the Imperial Act of 1846 remained in force until the 1st January, 1862, when the Act of 1861 (25 Vic. No. 2) for regulating the occupation of Crown Lands, passed by the local Parliament under the new Constitution, came into operation.

The main provisions of this important measure are the following :—

1. Crown Lands are divided into three classes or districts, viz., first class settled districts, second class settled districts, and unsettled districts.
2. Existing leases not renewable unless under this Act.
3. The Governor with the advice of the Executive Council may withdraw from lease any lands required for any public purpose whatsoever.
4. Old runs, the rent of which had not been determined in the manner prescribed by the Orders in Council, to be appraised, and the valuation thus arrived at to be the rent thereafter payable.
5. Leases in the first class settled districts to be for one year only, and for portions not less than 640 acres, renewable at an annual rent of £2 per square mile. Lands not previously under lease to be put up to lease at auction at the upset price of £1 for every section of 640 acres. Holders of purchased or granted land to have the right of a pre-emptive lease of adjoining lands to three times the area of such land.
6. Pastoral leases in the second class settled or in the unsettled districts to be for a period of five years, the rent to be decided by appraisement, but in no case to be less than £10 per annum. The assessment under 22 Vic. No. 17 to cease on all runs which have been appraised. Lessees to have no pre-emptive right to purchase.
7. Runs in ordinary cases not to exceed 25 square miles in area. Under certain circumstances may however be enlarged to 100 square miles. Runs to be tendered for. Forfeited or vacated runs may be put up to auction in leases for five years, at an upset price of £1 per square mile.
8. Where inferior runs have been improved by the lessees, and rendered capable of sustaining 4,000 sheep or 800 head of cattle in all seasons, the leases may be extended to ten years.
9. Runs may be held from year to year at an annual rent of £10, and the assessment under 22 Vic. No. 17, until an appraisement has been made of the fair annual value, when leases may be granted for five years. Thereupon the assessment shall cease.

10. The holders of land in fee-simple in the unsettled and second class settled districts, allowed pre-emptive leases of adjoining lands to the extent of three times the area of their purchased or granted land.

11. Leases for mining coal may be granted in areas not exceeding 320 acres, and for other minerals or metals, excepting gold, in areas not exceeding 80 acres, for a period of fourteen years, with right of renewal for a like period, at an annual rent of five shillings per acre. Lessees to expend in improvements at the rate of £5 per acre within the first three years.

12. Annual licenses may be issued to cut and take from any Crown Lands any timber, or dig for and remove any gravel, stone, brick earth, shells, or other materials.

The "Lands Act Amendment Act of 1875," already referred to, does not disturb in any material point these provisions of the "Occupation Act of 1861." It provides, however, for the settlement of some important questions that had arisen, and supplies some omissions which had been discovered during the fifteen years that Act was in operation. The following are the principal matters therein provided for :—

1. Lands temporarily reserved for water supply, and forming part of any pre-emptive or other pastoral lease, not to be withdrawn from the ordinary use of the lessees.

2. Lands sold conditionally or otherwise, within any lease granted for pastoral purposes in the unsettled or second class settled districts, shall cancel so much of such leases as relates to the land sold and to three times the adjoining area thereof when duly claimed by the purchasers as a pre-emptive lease.

3. Conditional purchasers or holders of land in fee-simple cannot exercise pre-emptive grazing rights over adjoining lands containing improvements such as would exempt them from conditional purchase under the "Crown Lands Alienation Act of 1861."

4. The upset price of lands put up to lease at auction in the first class settled districts may be fixed by the Minister at a higher rate per section of 640 acres than £1.

5. The Governor in Council may grant leases, for purposes other than pastoral, in areas not exceeding 200 acres, and may determine the prices thereof. Such leases not to create right of purchase or right of sale on account of improvements made thereon.

6. The Governor in Council may also make and proclaim Reserves for the preservation of timber, and may issue leases or licenses to cut and remove the same therefrom on the payment of such rents or license fees as may be deemed expedient.

7. Lessees of pastoral lands may remove improvements from lands held by them under lease, or promise of lease, which have been either conditionally purchased or leased under pre-emptive right. If not removed, lessee may recover compensation from the person purchasing or obtaining a pre-emptive lease of such land.

8. Upon giving three months notice to the lessees of pastoral lands, the Minister may order the survey of the boundaries of any run or group of runs, and call upon each lessee to pay his proportion of the estimated cost of such survey into the Treasury, provided that no demand shall exceed 20s. for each mile of boundary to be surveyed.

Gold Fields Revenue.

The discovery of gold in New South Wales and Victoria, almost simultaneously, contributed, more than any other circumstance in the previous history of Australia, to promote the settlement of its several Colonies and give an impetus to their trade and commerce which have few parallels even in the history of the world. From the date of this discovery until the present time the progress made by the two named Colonies in the establishment of all those institutions which conduce to the happiness and welfare of a community has been so rapid as to excite universal surprise and admiration.

The gold fields of this colony have not only enriched the people but added a very considerable amount annually to the public revenue, both directly and indirectly—directly from the fees paid for the privilege of digging for gold, and indirectly from the larger consumption of dutiable goods consequent on increased population, one of the most valuable results of the gold discovery. The population increased from 197,168 in 1851, to 606,652 in 1875, notwithstanding the great loss it sustained in 1859 by the separation of Queensland. This increase in twenty-four years is at the rate of 207 per cent., or an annual average of 17,062.

During the first two years after this important discovery the revenue derived from the issue of licenses to dig and search for gold was considered one of the droits of the Crown, and in accordance with that view placed to the credit of the Crown Lands Revenue Account. In 1853, however, the Crown having surrendered its claim, the produce of gold licenses was transferred to the general revenue of the colony, and from that time till now has been subject to the control and appropriation of the local Parliament.

The first Act (16 Vic. No. 43) for the management of the gold-fields, which was passed by the Legislative Council in December, 1852, came into operation on the 1st February, 1853, and was to

continue in force until the end of the year 1854. Under its provisions the fee payable for a gold-digging license was fixed at 30s. per month for British subjects, or a royalty in lieu of the fee, of one-tenth of the value of the gold procured from Crown Lands. Aliens were charged a fee of £3 per month, or a royalty of double that of the British subject. Leases of auriferous tracts of land could be obtained on the payment, in advance, of a fee of £25. In September, 1853, an amending Act (17 Vic. No. 23) was passed, in which the license fee was reduced to 10s. per month, and the royalty to 3 per cent. of the value of the gold procured from Crown Lands. Aliens were admitted to the rights and privileges of British subjects in respect to gold-mining, and the half-monthly licenses discontinued. The rates for digging on private lands were reduced to one-half those chargeable on Crown Lands. Two short Acts were passed in 1854 and 1855, continuing the Gold Fields Management Acts, 16 Vic. No. 43, and 17 Vic. No. 23, to the 31st December, 1856.

In March, 1857, both these Acts were repealed by a new measure (20 Vic. No. 29) for the management of the gold-fields, in which the license-fee was reduced to 10s. per annum. This Act differed from previous Acts in two material points: the first was that no rates were leviable on gold-mining on private lands, and the second that a fee of £4 was payable by persons carrying on business on any of the proclaimed gold-fields of the Colony. The rates payable for working auriferous tracts of land were in future to be determined by regulations to be issued by the authority of the Governor in Council. This measure was, however, superseded by another (25 Vic. No. 4) passed in November, 1861. Under this Act the license fee or miner's right was allowed to remain at 10s. per annum, but half-yearly licenses were issuable after the 1st July in each year at 5s. each. Business licenses were reduced to 20s. per annum, and 10s. for half-yearly ones after the 1st of July. The rates for working auriferous lands were to be fixed in a manner similar to that prescribed by the preceding Act. Although another Act (30 Vic. No. 8) was passed in September, 1866, containing many new and important regulations affecting the management of the gold-fields, the license fees and other charges connected with gold-mining remained unaltered.

Notwithstanding the many concessions to, and the liberal arrangements made for, the benefit of the gold-mining class of the community by Parliament, under the provisions of the various Acts referred to, the produce of the gold-fields of this Colony has not increased to the extent expected. The value of the gold received in 1862 from the several gold districts is half a million in excess of any subsequent year. The unsatisfactory condition of our gold-fields is attributable more to the want of energy and the scientific knowledge necessary to develop and successfully work the almost innumerable rich quartz reefs throughout the country than to any absolute scarcity of the precious metal.

The marvellous returns in the year 1872 from some of the Hill End auriferous quartz claims produced a mining mania which, though profitable to the Government for a time, proved disastrous in the extreme to the majority of the multitudes of all classes of society who embarked in the numerous gold-mining ventures which were then started almost daily. The temporary impetus to trade and the fictitious prosperity produced by these, together with rich discoveries of tin and copper ore in several parts of the Colony about the same time, induced the Government to submit to Parliament a comprehensive measure for making better provision for the regulation of mining generally. After considerable delay and much opposition the measure (37 Vic. No. 13) was passed in April, 1874. This Act provides for the establishment of a Mining Department, and in connection therewith of a School of Mines and a Mineralogical Museum. It also provides for the establishment of Mining Districts under the jurisdiction of Wardens,—for the appointment of Mining Registrars, Mining Surveyors, and other officers necessary for conducting the business of the department efficiently and with convenience to the public. Miners' rights may be issued with a currency not exceeding fifteen years, at the rate of ten shillings per annum. Business licenses for six or twelve months, at ten shillings and twenty shillings each respectively. Leases of auriferous lands may be granted for any term not exceeding fifteen years, and for any area not exceeding 25 acres, at an annual rate of twenty shillings per acre. Mineral leases may also be granted for any period not exceeding twenty years, but renewable for a like period,—for coal-mining in areas not exceeding 640 acres, and for other minerals not exceeding 80 acres, at an annual rent of 5s. per acre, on condition that £5 per acre be expended thereon by the lessees within the first three years. Leases may be determined by the holders giving three months' notice. Mineral leases, conferring upon the holders thereof the same rights and privileges in respect to mining for minerals other than gold, as are conferred by this Act upon the holders of licenses to dig and search for gold, may be issued at the rate of 20s. per annum.

Gold Duty.

Not many years after the discovery of gold in the Colony, the opinion became pretty general that the miners ought to pay to the State something more for the privilege of extracting gold from the earth than the license fee. In accordance with this view, the Legislature passed an Act (20 Vic. No. 17), in February, 1857, imposing a duty, to be levied at the Custom House, of 2s. 6d. per ounce on all gold exported from the Colony, and a duty of 2s. 3d. per ounce on all gold, not the produce of other Colonies, imported into the Mint. No export duty to be charged on gold which had previously paid the Mint import duty.

In 1862 an Act (26 Vic. No. 5) was passed reducing these rates to 1s. 6d. and 1s. 3d. per ounce respectively. Since then several attempts have been made to abolish this duty* entirely, chiefly

* The duty on gold was abolished during the Session of 1879–80.

on the ground that no such duty exists in the neighbouring Colony of Victoria; but although the necessary measures for the accomplishment of this object passed the Legislative Assembly on each occasion, they were invariably rejected by the Legislative Council. The duties therefore remain as fixed by the last-mentioned Act. Some concession seems, however, to have been made to the gold-diggers immediately after the passing of the "Gold Duties Act of 1857," for in March of that year the license fee was reduced from 10s. per month to 10s. per annum.

Postage.

Perhaps in point of time postage comes next as an item of revenue. In November, 1825, an Act (6 Geo. IV. No. 23) was passed by the Legislative Council, only then recently established, to regulate the postage of letters in New South Wales. From the preamble of this Act it would almost appear that no postal system had hitherto existed, and yet it is difficult to believe that a growing community, numbering in that year 33,000 souls, could have done up to that time without some means, however primitive, of inter-communication. The following are the words of the preamble referred to:—"And whereas no post has as yet been settled or established in this Colony by the Postmaster General and it is expedient to provide for the temporary postage and conveyance of letters until a post office may be so established &c." Authority was given by this measure to the Governor to establish a post office in Sydney with branches in such other places as he might deem necessary, to fix rates of postage, and appoint officers until permanent arrangements were made by the Postmaster General in virtue of the powers vested in him by an Imperial Act passed in the ninth year of the reign of Queen Anne.

From the passing of that Act until March, 1828, the postage was appropriated by the Postmaster to defray the expenses of the postal establishment, but from that date it was directed that the postage should form a branch of the public revenue, and the Postmaster and his staff be remunerated by fixed salaries. The postage in 1829, the first complete year after that arrangement, amounted to £1,324 15s. 7d., a sum more than sufficient to cover the whole of the expenses of the department, including the conveyance of mails to a distance, on the principal lines of communication, of about 150 miles from Sydney. Indeed, up to the year 1850, the expenditure of the post office did not exceed to any great extent the amount received for postage.

It does not appear that any postal arrangements were ever made by the Postmaster General of England, for in the next measure (5 Wm. IV, No. 24) passed by the Council in 1835, reference is only made in the preamble to the previous local Act. The Act 5 Wm. IV, No. 24, repeals the former Act, and provides for the appointment of a Postmaster General and other necessary officers. The postage rates fixed by this Act range according to distance, from 4d. to 1s. per half-ounce. Public officers and Members of the Executive and Legislative Councils were allowed to frank letters —the former on Public Service only, and the latter under certain restrictions. Newspapers were also exempt under this Act from postage.

Between the passing of this Act, and the Act 3 Vic. No. 4, of 1867, under which the business of the post office is now carried on, there were no less than twelve measures passed in connection with this most important branch of the Public Service. In 1849 the postage rates were fixed according to weight irrespective of distance: Town letters not exceeding half an ounce, 1d.; country letters not exceeding that weight, 2d.; and ship letters, 3d. The franking system was abolished, although some slight advantage was allowed to soldiers and sailors of the Imperial service. The manufacture and sale of postage stamps was likewise provided for in this year, and a postage charge of 1d. imposed upon newspapers posted and transmited within the Colony, which was however repealed in December, 1851, reimposed in February, 1864, and abolished in 1873.

Money Order System.

In the Act 31 Vic. No. 4, passed in 1867, to consolidate and amend the laws relating to the Post Office, provision was made for establishing, in connection with the Post Office, a Money Order Department, which came into operation in 1868. Money Order Offices are now established in every city, town, and village of importance throughout the Colony, at which orders can be obtained on each other or on any of the Australian Colonies, as well as on the United Kingdom of Great Britain and Ireland. Orders are also obtainable in any of these places on New South Wales. It is in contemplation to have the benefits of the system extended to America, with which country communication is now regular, and the trade not only considerable but rapidly improving.

Government Savings Bank.

In the year 1871 Parliament passed a measure (34 Vic. No. 15) for the establishment of a Government Savings Bank,—an institution which is now in full working order in connection with the Money Order Department, having already branches in every place of importance throughout the Colony.

Railway Receipts.

Until the introduction of railways the public revenue was not augmented by any other receipts of magnitude or importance. Railways in this Colony had their origin in private enterprise, but even in their infancy were under the fostering care of the local Government. Two Companies

were started within a short time of each other: the first, the Sydney Railway Company, was formed in 1848, and incorporated by Act of Council in 1849; the second, the Hunter River Railway Company, was formed and incorporated during the year 1853.

The discovery of gold near Bathurst in 1851, by disturbing the labour market, upset the calculations of the Sydney Railway Company to such an extent as almost to bring their works to a stand-still, and notwithstanding the importation of 1,000 railway labourers, through the agency of the Land and Emigration Commissioners in England, both companies fell into irretrievable difficulties, from which they were extricated in 1855 by the Government purchasing their properties on terms satisfactory to the shareholders.

From that time till now the construction, maintenance, and management of railways in New South Wales have continued in the hands of the Government. The first line, that from Sydney to Parramatta, was opened on the 26th September, 1855. During the twenty years which have elapsed since that event, the progress made in the construction and extension of railways has, considering the engineering difficulties which had to be overcome and the scarcity of labour, been on the whole satisfactory. At the close of 1875 there were 437 miles open for tariff, and 249 miles in course of construction. During the first ten years of that period the net revenue derived from the traffic on the lines in operation only averaged 1·228 per cent. on the capital invested. Latterly, however, the net earnings have given a rate of interest somewhat over four per cent., although the average of the last ten years is only 2·831 per cent. The gross railway receipts paid into the Treasury during last year amounted to £598,663 12s. 1d. The amount expended in the construction of railways, including cost of rolling stock, &c., to 31st December, 1875, was £8,129,325 18s. 6d.

Electric Telegraph Receipts.

It was not until some years after the introduction of railways that the construction of telegraph lines was commenced. The first line formed was that from Sydney to South Head, in 1857. The line to Albury was opened for business direct with Melbourne on the 26th October, 1858. The numerous extensions since then have placed Sydney in telegraphic communication not only with the adjoining Colonies but with every town or place of importance in the Colony. It is also in direct communication by cable with New Zealand, and *via* South Australia with England and the other nations of Europe. While the telegraphic system was confined to the larger towns the receipts paid not only the working expenses but something towards interest on capital. The recent extensions, which have chiefly been to distant parts of the Colony where the business is comparatively small, have, together with a reduction in the scale of charges, produced a different result. While the working expenses in 1875 amounted to £65,604 1s. 2d., the gross revenue of the department was only £49,238 2s., showing a loss of £16,365 19s. 2d., besides the interest on £351,896 6s. 3d. expended in the construction of Electric Telegraphs up to the close of last year.

Mint Receipts.

In November, 1851, the year of the gold discoveries in Australia, the Legislative Council appointed a Select Committee to inquire into and report upon, the expediency of establishing in Sydney an Assay Office and Mint. After due enquiry the committee brought up their report, in which they recommended that the Council should petition Her Majesty to establish, by the exercise of her prorogative, a branch of the Royal Mint at Sydney, for the purpose of converting Australian gold into current coin of the realm, and giving thereby encouragement and stability to the trade and commerce of the Australian Colonies, as well as an additional value to the British posessions in this part of the globe. This recommendation was not only approved, but at once acted upon. The result of the petition to Her Majesty was the establishment soon after—at a cost, however, to the Colony of £48,990—of a branch of the Royal Mint in Sydney, which came into active operation in 1855.

By a local Act, passed in 1854, it was declared that the gold coin to be issued from the Mint in Sydney should be a legal tender for payments within the Colony. Later it was declared by proclamation of Her Majesty to be a legal tender in British India and all the Australian Colonies. In 1866 the Imperial Government, in consideration of the local Legislature having in the preceding year made permanent provision for the maintenance of the branch establishment, declared by proclamation of Her Majesty that the coin issued by the Sydney Branch of the Royal Mint should be a legal tender for payments within the United Kingdom of Great Britain and Ireland. From that year, therefore, the gold coins of the Sydney Mint have been current in almost every part of the British dominions.

Besides the indirect benefits arising from the establishment of a Mint in Sydney, the fees derived from minting operations, from the commencement to the present time, have not only covered all the working expenses of the department and the cost of machinery and buildings, but contributed no inconsiderable amount towards the public revenue of the Colony. These fees gradually increased from 1855 until 1862, when they attained their highest point, viz., £32,806. From that time they have been gradually receding, not owing so much, however, to a diminution of the quantity of gold received for coinage as to a large reduction made in the charge for Minting, which, although a loss to the revenue, has proved a boon to the producer. Notwithstanding the revenue was greater in 1862 than in any subsequent year, the gold coined in 1871 was 82,316 ounces in

excess of the quantity coined in that year. In 1875 the receipts were not equal in amount to the annual endowment provided by the Act of 1865 above referred to, but they were in excess of the actual expenditure, as £2,090 of the endowment was returned to the Treasury during the present year.

From the commencement of operations at the Mint on the 14th May, 1855, until the close of 1875 —a period of over twenty years—there were received for coinage 10,355,855 ounces, the value of which was £39,965,835 15s. 6d. The issues have been 36,045,500 sovereigns, 3,867,000 half-sovereigns, and 484,936 ounces of bullion, the total value being £39,914,081 2s. 6d. During the same period the revenue amounted to £385,519 18s. 6d., which gives an annual average, for (say) twenty years of £19,276.

Stamp Duties.

One of the means adopted by Parliament for augmenting the revenue and providing for the deficiencies of former years was the passing of an Act (29 Vic. No. 6) in June, 1865, to impose Stamp Duties. This Act, which came into operation on the 1st July of that year, was to continue in force until the 31st December, 1868. Under various continuing Acts, it was, however, kept alive until the close of 1874, when it expired by effluxion of time, the Parliament not being then in Session. In 1875 the Government submitted a Bill to the Legislative Assembly, embodying the principal features of the Stamp Duties Act of 1865, but through some informality in its introduction it was ruled irregular, and therefore allowed to lapse. Since then nothing has been done to re-impose Stamp Duties, notwithstanding they proved a valuable addition to the revenue of the Country during the period they were in operation, and were collected at a trifling expense compared with the expense of collecting some other portions of the public income. The gross amount realized from Stamp Duties during the nine and a half years the law was in force was £730,236, which gives an annual average of £76,867. The collections during 1874 amounted to £100,871, and there was every prospect of there being a considerable annual increase from this source had the law been continued. *(See addendum.)*

Other sources of Public Income.

In addition to those larger sources of public income referred to in the foregoing remarks, there are many sources of minor importance from which, as a whole, a very considerable revenue is derived annually. The principal of these are Pilotage and Harbour and Light Rates; Rents of Tolls, Ferries, Wharves, and other public property, exclusive of land; Licenses to Publicans, Wholesale Spirit Dealers, Auctioneers, Pawnbrokers, Hawkers, and others; Fees of Office; Fines and Forfeitures; Interest on Bank Deposits and Collections by the Government Printer. The revenue derived in 1875 from these and a few other sources of miscellaneous receipts amounted to close upon £300,000.

Public Income of 1875.

The following is a summary of the public income of the year 1875:—

Indirect taxation:—		
Customs	£974,432 0 1	
Duty on Refined Sugar and Molasses	31,266 13 4	
Duty on Spirits distilled in the Colony	8,572 18 3	
		1,014,271 11 1
Direct Taxation:—		
Stamp Duties (arrears only)	4,725 19 11	
Duty on Gold	14,195 11 2	
Licenses	88,808 10 4	
		107,730 1 5
Land Sales:—		
Auction Sales	1,019,052 19 1	
Selections after Auction	102,440 5 2	
Provisional Pre-emptive Right	65,379 6 7	
Deposits on Conditional Purchases	439,169 11 1	
Balances of do	58,609 12 10	
		1,684,651 14 9
Land Rents, &c.:—		
Interest on Land conditionally purchased	75,918 14 10	
Rent and Assessment on Pastoral Lands	219,559 10 7	
Fees on Transfer of Runs...	1,354 0 0	
Quit Rents	1,879 16 8	
Licenses to cut Timber, &c.	4,174 10 0	
Mineral Leases and Mineral Licenses	8,052 19 11	
Gold Field Licenses and Leases of Auriferous Lands	9,120 12 7	
Fees on the preparation and enrolment of Title Deeds	10,143 18 0	
Miscellaneous items	5,773 19 1	
		53,3978 1 8

	£	s.	d.	£	s.	d.
Receipts for services rendered :—						
Railway Receipts	598,663	12	1			
Telegraph Receipts	49,238	2	0			
Postage	110,580	5	4			
Commission on Money Orders	4,189	17	6			
Mint Charges	13,565	11	11			
Fees for Escort and conveyance of Gold	3,961	17	4			
Pilotage and Harbour and Light Rates, &c.	32,114	15	4			
Registration of Brands	1,504	3	6			
Contributions under the Sheep Diseases Prevention Act of 1866	12,549	19	10			
Fees of Office generally	32,128	9	3			
				858,496	14	
Miscellaneous Receipts :—						
Rents other than rents of land	33,789	12	10			
Fines and Forfeitures	8,173	0	10			
Interest on Bank Deposits	38,268	14	3			
Other items	40,635	19	9			
				120,867	7	8
Total Revenue and Receipts, 1875				£4,121,995	11	3

General Remarks.

From this statement it will be seen that, although the public income of New South Wales is at present derived from various sources, there is only about one-fourth of it raised by indirect taxation, or that description of taxation which falls upon the community at large. Last year the direct taxes—that is Custom and Excise duties—amounted to £1,014,271 11s. 11d., which is equal to £1 13s. 5d. per head of the population, a rate very much below that of any of the other Australian Colonies.

The revenue received from direct taxation is paid by certain classes for the enjoyment of certain privileges. The receipts from the sale and occupation of certain Crown Lands are only payments for their equivalents in investments which, in the hands of the industrious, prove highly remunerative; and the large amount received for services rendered by the State is admittedly less than would be paid by the public if such services were conducted by private enterprise instead of by the Government.

Irrespective, therefore, of its splendid climate and other peculiar attractions, this Colony should be desirable as a place of residence on account of its moderate taxation, its free-trade principles, its facilities for mining operations, and the easy terms upon which its waste lands can either be purchased or temporarily occupied.

As such a large proportion—fully three-fourths—of the public income is derivable from sources other than taxation, it is only natural to expect that these should be affected to a considerable extent by bad seasons; for example, long droughts and disastrous floods; by diseases amongst sheep and cattle, by rust in wheat, and by other diseases to which cereal crops are subject, not only here but in all countries; and by over-speculation. The Colony has suffered severely at different times from each and all of these calamities, but such are its wonderful recuperative powers that no sooner had they passed away than trade and commerce returned to their accustomed channels, and other industries flourished as vigorously as before.

The public income is also more or less affected by a rise or fall in the price of wool in England. When wool is high the trade of the Colony benefits, land is purchased more freely, and a tone of hopeful confidence pervades all classes of the community. When a fall takes place the reverse, of course, is the case. For many years past, and until recently disturbed by the uncertain state of European affairs, the wool of this Colony realized prices highly remunerative to the wool-growers; and perhaps at no former period in the history of the country have the pastoral tenants of the Crown been in a more prosperous condition, for besides the high prices obtained for their wool, they have obtained in the local market almost unprecedented prices for their fat stock.

There have been also occasional stagnations in trade, when building and other industrial operations have been all but suspended and when as a natural result the labour market became much depressed. During such periods the Customs duties have slightly fallen off, but never to such an extent as to inconvenience the Government or render it necessary to resort to any new mode of taxation. The deficiencies of former years have been more the result of unpropitious seasons and excessive expenditure than a falling off in the produce of the Customs or Excise revenue.

The Treasury, New South Wales,
Sydney, 1st August, 1876.

JAMES THOMSON.

STATEMENT of the Annual Revenue and expenditure (including Temporary Loans) of the Colony of New South Wales, from the commencement of the year 1826 to the close of the year 1875.

Year.	Revenue and Expenditure.		Temporary Loans.		Balance at the close of each year.	
	Receipts.	Payments.	Amounts borrowed.	Amounts repaid.	Dr.	Cr.
	£	£	£	£	£	£
1826	90,026	86,615	.....	.....	.....	3,411
1827	81,812	107,683	.....	.....	22,460	.....
1828	97,034	92,120	.....	.....	17,546	.....
1829	103,219	97,086	.....	.....	11,413	.....
1830	107,831	83,990	.....	.....	.....	12,428
1831	122,854	135,282	.....	.....	.....	.....
1832	135,910	112,640	.....	.....	.....	23,270
1833	164,991	123,327	.....	.....	.....	64,934
1834	205,515	135,177	.....	.....	.....	135,272
1835	273,745	170,359	.....	.....	.....	238,658
	1,382,937	1,144,279	.....	.....	.....	.....
1836	330,533	215,026	.....	.....	.....	354,165
1837	354,766	294,491	.....	.....	.....	414,441
1838	334,079	463,162	.....	.....	.....	285,359
1839	427,368	567,967	.....	.....	.....	144,760
1840	682,474	529,845	.....	.....	.....	297,389
1841	497,303	744,069	.....	.....	.....	50,622
1842	428,732	501,914	48,760	.....	.....	26,200
1843	350,891	343,890	2,300	27,900	.....	7,600
1844	310,953	345,584	75,664	.....	.....	48,633
1845	366,687	290,268	21,600	24,100	.....	122,552
	4,083,786	4,296,216	148,324	52,000	.....	.....
1846	346,481	296,230	.....	9,500	.....	163,303
1847	396,260	324,874	.....	88,200	.....	146,489
1848	396,863	460,431	.....	.....	.....	82,921
1849	483,279	462,258	77,154	.....	.....	181,696
1850	575,795	564,487	57,917	.....	.....	250,321
1851	591,936	783,812	80,642	.....	.....	139,087
1852	532,718	632,425	144,176	48,000	.....	135,556
1853	823,606	800,384	105,321	2,000	.....	262,099
1854	960,783	1,139,964	60,746	55,500	.....	88,164
1855	973,178	1,082,910	52,125	1,500	.....	29,057
	6,080,899	6,547,775	578,081	204,700	.....	.....
1856	1,125,090	1,067,710	.....	10,000	.....	76,437
1857	1,161,651	1,176,400	.....	5,800	.....	55,888
1858	1,368,389	1,190,727	.....	.....	.....	233,550
1859	1,511,964	1,401,448	.....	35,000	.....	309,066
1860	1,309,891	1,204,433	.....	.....	.....	414,524
1861	1,432,406	1,594,009	.....	.....	.....	252,921
1862	1,611,570	1,650,734	.....	.....	.....	213,757
1863	1,534,187	1,814,827	.....	.....	66,883	.....
1864	1,391,263	1,853,184	270,543	.....	258,261	.....
1865	1,755,462	1,722,016	144,006	.....	80,809	.....
	14,201,873	14,675,488	414,549	50,800	.....	.....
1866	2,045,589	1,963,720	769,344	137,100	.....	603,304
1867	2,012,041	2,017,475	.....	207,600	.....	420,270
1868	2,107,157	2,173,897	346,818	443,800	.....	256,548
1869	2,202,970	2,173,705	350,085	443,500	.....	192,398
1870	2,102,697	2,156,479	339,943	446,500	.....	32,059
1871	2,226,767	2,426,931	343,321	541,900	366,684	.....
1872	2,801,871	2,257,954	348,105	393,000	.....	132,338
1873	3,324,712	2,411,982	.....	.....	.....	1,045,068
1874	3,509,966	2,879,829	.....	334,600	.....	1,340,605
1875	4,191,996	3,336,609	.....	.....	.....	2,125,992
	26,455,766	23,798,581	2,497,616	2,948,000	.....	.....
	52,205,261	50,462,339	3,638,570	3,255,500	.....	.....

The Treasury, New South Wales,
1st August, 1876.

SINCE the foregoing account of the revenue was written Stamp Duties have been reimposed in a modified form; a few increases made to the Tariff, and some changes effected in the Land laws of the country, by which it is expected the public income will be considerably benefited.

From the operations of the Stamp Duties Act (44 Vic. No. 3) it is anticipated that a sum of £200,000 per annum will be at once realized. By the Act 43 Vic. No. 16 the import duties on spirits of all kinds have been increased from 10s. to 12s., sparkling wines from 6s. to 10s., and all other kinds of wines from 3s. to 5s. per gallon. Under the Act 43 Vic. No. 17 the duty on spirits distilled in the Colony has also been raised to the same rate as that now chargeable on imported spirits, viz., 12s. per gallon.

The principal features of the "Lands Acts Further Amendment Act of 1880" (43 Vic. No. 29) which is to be read with, and as forming part of the "Crown Lands Alienation Act of 1861," "The Crown Lands Occupation Act of 1861," and the "Lands Acts Amendment Act of 1875" are the following:

1. Reduction of value for improvements from £1 to 10s. per acre.
3. The time for the completion of improvements may be extended from three to five years, provided the Minister shall be satisfied that all other conditions have been duly performed, that improvements to a value not less than 6s. per acre have already been made, and that the conditional purchaser shall reside on his land during the extended period of two years.
3. The term within which the expenditure of £2 per acre on mining operations, other than gold mining, may also be extended to five years on mining conditional purchases, provided the Minister is satisfied that not less than £1 4s. per acre have already been expended thereon on mining operations.
4. Conditional purchases shall not be transferable until the purchasers have resided thereon for five years from the date of purchase.
5. Forfeited selections are not open to conditional purchase or sale otherwise, until the expiration of thirty days from the notification of such forfeiture in the *Government Gazette*.
6. The minimum rent of runs shall not be appraised at a lower rate than £1 per section of 640 acres, unless in the case of first and second leases, which may be as low as 10s. per section.

J. T.

The Treasury, New South Wales,
1st May, 1881.

Sydney: Thomas Richards, Government Printer.—1881.

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